

FINANCIAL STATEMENTS

New Ross Credit Union Limited
December 31, 2024

Final draft

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INDEPENDENT AUDITOR'S REPORT

To the Members of New Ross Credit Union Limited

Opinion

We have audited the financial statements of New Ross 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 retained earnings and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information and schedules of administrative and occupancy expenses.

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 the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

(continues)

Independent Auditor's Report to the Members of New Ross Credit Union Limited (*continued*)

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.

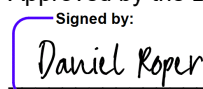
Dartmouth, Nova Scotia
April 28, 2025

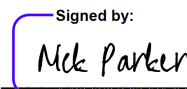
CHARTERED PROFESSIONAL ACCOUNTANTS

NEW ROSS CREDIT UNION LIMITED
STATEMENT OF FINANCIAL POSITION
 December 31

	2024	2023
Assets		
Cash resources (Note 5)	\$ 16,729,459	\$ 11,362,772
Income taxes receivable (Note 12)	8,161	-
Rebates and other receivables	19,909	41,293
Prepaid expenses (Note 18)	642,875	648,078
Members' loans and foreclosed assets (Note 6)	28,178,811	29,945,627
Long-term investments (Note 7)	3,982,134	5,505,370
Capital assets (Note 8)	496,101	482,876
Deferred income taxes (Note 12)	5,292	2,318
	<u>\$ 50,062,742</u>	<u>\$ 47,988,334</u>
Liabilities		
Payables and accruals (Note 9)	\$ 354,530	\$ 483,352
Members' deposits (Note 10)	46,923,419	44,911,090
Income taxes payable (Note 12)	-	41,603
	<u>47,277,949</u>	<u>45,436,045</u>
Members' equity		
Common shares (Note 11)	193,023	195,980
Reserve (Note 17)	113,000	113,000
Retained earnings	2,478,770	2,243,309
	<u>2,784,793</u>	<u>2,552,289</u>
	<u>\$ 50,062,742</u>	<u>\$ 47,988,334</u>

Approved by the Board

Signed by:

 0466CAC4C980427... Director

Signed by:

 A48E30DF9E5A47B... Director

(See accompanying notes to the financial statements)

NEW ROSS CREDIT UNION LIMITED

STATEMENTS OF COMPREHENSIVE INCOME AND RETAINED EARNINGS

Year ended December 31

2024**% of Income****2023****% of Income****Income**

Loan interest	\$ 1,487,736	59.6	\$ 1,287,333	56.3
Investment income	<u>689,575</u>	<u>27.6</u>	<u>662,875</u>	<u>29.0</u>

	<u>2,177,311</u>	<u>87.2</u>	<u>1,950,208</u>	<u>85.3</u>
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Interest and loan related expenses

Distributions to members:

Interest on deposits	447,275	17.9	298,537	13.1
Loan impairment losses (recoveries)	40,495	1.6	19,953	0.9
Loan interest	<u>220</u>	<u>-</u>	<u>138</u>	<u>-</u>

	<u>487,990</u>	<u>19.5</u>	<u>318,628</u>	<u>14.0</u>
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Financial margin

	<u>1,689,321</u>	<u>67.7</u>	<u>1,631,580</u>	<u>71.3</u>
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Other revenue

Discretionary rebate income	-	-	37,796	1.7
Other income	<u>317,042</u>	<u>12.7</u>	<u>299,608</u>	<u>13.1</u>

	<u>317,042</u>	<u>12.7</u>	<u>337,404</u>	<u>14.7</u>
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Income before operating expenses

	<u>2,006,363</u>	<u>80.4</u>	<u>1,968,984</u>	<u>86.0</u>
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Operating expenses

Administrative (see schedule)	672,675	27.3	604,776	26.7
Amortization of property and equipment	44,919	1.8	36,789	1.6
Central service charges	52,278	2.1	43,608	1.9
Occupancy (see schedule)	77,516	3.1	82,270	3.5
Salaries and benefits	848,889	34.0	765,268	33.5
CUDIC assessment	<u>44,132</u>	<u>1.8</u>	<u>50,304</u>	<u>2.2</u>

Total operating expenses

	<u>1,740,409</u>	<u>70.1</u>	<u>1,583,015</u>	<u>69.4</u>
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Income (loss) before income taxes

	<u>265,954</u>	<u>10.3</u>	<u>385,969</u>	<u>16.6</u>
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Provision for income taxes (Note 12)

	<u>30,493</u>	<u>1.2</u>	<u>42,134</u>	<u>1.8</u>
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Net income and comprehensive income (loss)

	<u>235,461</u>	<u>9.1</u>	<u>343,835</u>	<u>14.8</u>
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Retained earnings, beginning

	2,243,309		1,899,474	
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Net income and comprehensive income (loss)

	<u>235,461</u>		<u>343,835</u>	
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Retained earnings, ending

	<u>\$ 2,478,770</u>		<u>\$ 2,243,309</u>	
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(See accompanying notes to the financial statements)

NEW ROSS CREDIT UNION LIMITED
STATEMENT OF CASH FLOWS
Year ended December 31

	2024	2023
Cash generated from (used in) operating activities		
Loan interest received	\$ 1,522,048	\$ 1,263,139
Investment income received	686,005	654,354
Rebates received	-	37,796
Other income received	340,175	267,365
Increase in members' deposits	2,012,329	2,972,804
Bad loans recovered	24,100	303
Interest paid on members' deposits	(386,856)	(169,577)
Decrease (increase) in members' loans	1,667,909	(4,531,239)
Loan interest paid	(220)	(138)
Payments to suppliers	(1,030,124)	(1,033,867)
Payments to employees	(848,889)	(765,268)
Income taxes paid recovered	(85,495)	(25,437)
	<u>3,900,982</u>	<u>(1,329,765)</u>
Cash generated from (used in) investing activities		
Purchase of investments, net of proceeds from sales	1,526,806	(238,550)
Purchase of capital assets	(58,144)	(55,083)
	<u>1,468,662</u>	<u>(293,633)</u>
Cash generated from (used in) financing activities		
Proceeds from issue of shares (net of redemptions)	(2,957)	853
Net increase (decrease) in cash flows	5,366,687	(1,622,545)
Cash and cash equivalents, beginning of year	<u>11,362,772</u>	<u>12,985,317</u>
Cash and cash equivalents, end of year (Note 5)	\$ <u>16,729,459</u>	\$ <u>11,362,772</u>
Supplemental cash flow information		
Interest received from investments	\$ 686,005	662,875

(See accompanying notes to the financial statements)

NEW ROSS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2024

1. REPORTING ENTITY

New Ross Credit Union Limited (the "Credit Union") is incorporated under the Nova Scotia Companies Act. The operation of the Credit Union is subject to the Nova Scotia Credit Union Act. Products and services offered to its members include loans, mortgages, chequing and savings accounts, MasterCards, RRSP's, term deposits, online and telephone banking and financial planning. The Credit Union's head office is located at 56 Forties Road, New Ross, Nova Scotia.

On April 28, 2025, the Credit Union's Board of Directors approved and authorized for issue the financial statements for the year ended December 31, 2024.

Subsequent to year end, the Credit Union amalgamated with Community Credit Union and Victory Credit Union (Note 19).

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Basis of measurement

These financial statements were prepared under the historical cost principle using a going concern basis, with the exception of available-for-sale financial assets which have been measured at fair value.

Functional currency

These statements are denominated in Canadian dollars which is the Credit Union's functional currency.

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Credit Union's accounting policies. Changes in assumptions may have a significant impact on the financial statement in the year the assumptions changed.

Significant estimates made in the preparation of these financial statements include, but are not limited to the following areas, with further information contained in the applicable accounting policy note.

- Measurement of the expected credit loss (ECL) allowance

The Credit Union reviews its loan portfolio to assess the ECL allowance for loans at least on a quarterly basis. The measurement of the ECL allowance for financial assets measured at amortized cost and fair value through other comprehensive income (FVTOCI) is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of members defaulting and resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3.

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing groups of similar financial assets for the purpose of measuring ECL.

The judgments, inputs, methodology and assumptions used for estimating the ECL allowance are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

NEW ROSS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (Continued)

- Fair value of available-for-sale securities

The fair values of available-for-sale securities where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In each instance, management has reviewed the attributes of its investments and determined that fair value was liquidation value for each investment as there is no ability to otherwise sell the investments. Management also determined that liquidation value approximated historical cost.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Cash and cash equivalents

Cash and cash equivalents include cash on hand, and short-term highly liquid securities which are readily convertible into known amounts of cash. The Credit Union considers securities with original maturities of three months or less as meeting the definition of convertible to known amounts of cash.

Members' loans and foreclosed assets

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.

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

Real estate held for resale is carried at the lower of the amortized cost of the loan or mortgages foreclosed, adjusted for revenues received and costs incurred subsequent to foreclosure and the estimated net proceeds from the sale of assets.

Allowance for impaired loans

The Credit Union recognizes a loss allowance for the expected credit losses associated with its members' loans. Expected credit losses are measured to reflect the probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

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 members' loans 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 at each balance sheet date whether there is objective evidence that a member's loan or group of members' loans is impaired. A member's loan or group of members' loans is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the member's loan (a "loss event") and that loss event (events) has an impact on the estimated future cash flows of the member's loan or group of members' loans that can be reliably estimated.

NEW ROSS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

The criteria the Credit Union uses to determine whether there is objective evidence of an impairment loss includes:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the members;
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the member's competitive position; and
- Deterioration in the fair value of collateral.

For members' loans assessed as credit-impaired at the reporting date, the Credit Union continues to recognize a loss allowance equal to lifetime expected credit losses. Loss allowances for expected credit losses are deducted from the gross carrying amount of the members' loans in the statement of financial position.

Members' loans are written off when the Credit Union has no reasonable expectation of recovering all or any portion thereof.

Revenue recognition

Interest on loans and advances is recognized on an accrual basis using the effective interest rate method. Revenue from the provision of services is recognized when earned and the ability to collect is reasonably assured.

Members' deposits

All members' deposits are initially recognized at fair value, net of any transaction costs directly attributable to the issuance of the instrument. Members' deposits are subsequently measured at amortized cost, using the effective interest rate method.

Financial assets

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 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 and loss (FVTPL) are expensed in profit and loss when incurred.

On initial recognition, financial assets are classified and subsequently measured at amortized cost, FVTOCI or FVTPL. The Credit Union determines the classification of its financial assets, including any derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Debt instruments 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 and loss.
- FVTOCI - 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 FVTOCI. 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 asset are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit and loss.
- Mandatory FVTPL - Assets that do not meet the criteria to be measured at amortized cost, or FVTOCI, are measured at FVTPL. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.

NEW ROSS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

- Designated FVTPL - On initial recognition, the Credit Union may irrevocably designate a financial asset to be measured at FVTPL in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring the 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 measures equity instruments at FVTPL, except where the Credit Union has irrevocably elected on initial recognition to present in other comprehensive income the fair value gains and losses of an equity instrument that is neither held for trading purposes nor contingent consideration acquired in a business combination. In such cases, the cumulative gains and losses recognized in other comprehensive income are not reclassified to profit or loss on derecognition of the investment.

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 in which the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives and how performance of the portfolio is evaluated.

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 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.

Derecognition of financial assets

A financial asset is derecognized when the contractual rights to the cash flows from the asset have expired, or the Credit Union transfers the contractual rights to receive the cash flows from the asset, or has assumed an obligation to pay those cash flows to a third party and the Credit Union has transferred all the risks and rewards of ownership of the asset to a third party.

Financial liabilities

The Credit Union recognizes financial liabilities when it becomes party to the contractual provisions of the instrument. At initial recognition, the Credit Union measures all financial liabilities at 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.

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses related to a financial liability are recognized in profit and loss.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

NEW ROSS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

The Credit Union has classified its financial instruments as follows:

FINANCIAL ASSET/LIABILITY	CLASSIFICATION	SUBSEQUENT MEASUREMENT
Cash resources	Amortized cost	Amortized cost
Deposits with Atlantic Central	Amortized cost	Amortized cost
Long term investments	FVTOCI	FVTOCI
Members' loans (inc. accrued interest) and rebates receivable	Amortized cost	Amortized cost
Members' deposits (inc. accrued interest), borrowings and payables	Amortized cost	Amortized cost

Capital assets

Capital assets are recorded at cost. Amortization is based on their estimated useful life using the following rates and terms:

Building	declining balance	5%
Furniture and equipment	declining balance	20%
Computer equipment	straight-line	3 years
Paving	declining balance	4%

Residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

Leases

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.

At the commencement date of a lease, the Credit Union recognizes a right-of-use asset and a lease liability in the Statement of Financial Position. The lease liability is initially measured at the present value of lease payments that are not paid at that date.

The right-of-use asset is measured at cost. The cost of a right-of-use asset is comprised of:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of any dismantling and site restoration costs to be incurred by the lessee.

After the commencement date, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made;
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

The right-of-use asset is subsequently measured at cost:

- less any accumulated depreciation and any accumulated impairment losses; and
- adjusted for any remeasurement of the lease liability.

There are no right-of-use assets or lease liabilities as at December 31, 2024.

Income taxes

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

NEW ROSS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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 or paid to the Canada Revenue Agency. 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 value of an asset or liability differs from its tax base. Recognition of deferred taxes 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.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. Trade payables are recognized at historical cost which is a reasonable estimate of fair value.

Cash flow statement

The cash flow statement is prepared using the direct method.

Shares

Savings shares, which are included in members' deposits, are in practice withdrawable on demand. Common shares and surplus shares, which are classified as equity, represent a residual interest in the equity of the Credit Union. They are not covered by deposit insurance. Common shares are redeemable upon request of the member and approval of the directors.

Dividends to members

Provision for dividends on savings shares represents the amount recommended by the Board of Directors. The recommended dividend is included in the statement of financial position as an accrued liability under payables and accruals. In the statement of income, these dividends are deducted as an expense under interest and loan related expenses in determining net income for the year.

Foreign currency translation

Assets and liabilities which are denominated in foreign currencies (US dollars) are translated at the exchange rate prevailing at the year end date. Revenues and expenses denominated in foreign currencies are translated at the exchange rate prevailing on the transaction date. Exchange differences are charged or credited to income.

Employee future benefit plans

The Credit Union uses defined contribution accounting for its Canadian Credit Union Employees Pension Plan.

Government grants

Unconditional government grants are recognized in profit or loss as other income when the grant becomes receivable. Other government grants are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Credit Union will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset.

NEW ROSS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

4. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Board of Directors has overall responsibility for the determination of the Credit Union's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies of the Credit Union's finance function. The Board of Directors receives quarterly reports from the general manager through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The following are the significant risks that the Credit Union is exposed to through its financial instruments:

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.

Providing credit facilities to qualified members is one of the Credit Union's primary sources of earnings and is the area where the Credit Union is exposed to the most significant risk. Approval of these facilities is based on the member's ability to repay principal and interest over the term of the facility which is determined by following Board approved policies and procedures, which include assessing the member's credit history, character, collateral and debt servicing capacity.

In addition, the Credit Union provides to its employees comprehensive training to ensure compliance with Credit Union lending policies and procedures. In addition, formal policies governing approval of credit facilities including acceptable risk assessment and security requirements are in place.

Overdue loan accounts, or lending delinquency, is closely monitored and reported to senior management on a timely and frequent basis to ensure that all allowances for potential loan losses are adequately provided for and written off when collection efforts have been exhausted. Credit risk is mitigated primarily by the nature and quality of the underlying security as prescribed by the Credit Union's lending agreements.

The Credit Union's loan portfolio is focused in two main areas; consumer loans and mortgages, and commercial loans, the latter to small and mid-size companies. Commercial loans to larger companies are available through a syndication process with other Credit Unions in order to appropriately mitigate the Credit Union's credit risk. Consumer mortgages are made available on a conventional basis up to eighty percent of the appraised value of a residential property with all mortgages in excess of that amount being insured through a third party, for example Canada Mortgage and Housing Corporation or Genworth Financial Corporation. Other credit facilities provided include personal overdrafts, and MasterCard accounts that have no recourse to the Credit Union.

The Credit Union uses the expected loss model to record an allowance against members' loans. The allowance is broken into three stages. Stage 1 contains all loans that are not delinquent or do not have any known additional risk. Stage 2 contains all loans delinquent between 31 and 90 days, and any loan that has been assessed to have additional risk. Stage 3 contains all loans delinquent over 90 days, bankruptcy, and foreclosure. Each stage is broken down into pools of members' loans that have similar risk characteristics. The probability of default, risk adjustment and loss given default are used to determine the expected credit loss for each pool of members' loans.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Credit Union uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Credit Union's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Credit Union's maximum exposure to credit risk at the reporting date was:

	2024	2023
Cash resources	\$ 16,729,459	\$ 11,362,772
Members' loans	<u>28,178,811</u>	<u>29,945,627</u>
	<u>\$ 44,908,270</u>	<u>\$ 41,308,399</u>

NEW ROSS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

4. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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 this risk through traditional banking activities, such as deposit taking and lending. The Credit Union's goal is to manage the interest rate risk of the statement of financial position to a target level. The Credit Union continually monitors the effectiveness of its interest rate mitigation activities.

Interest rate sensitivity

The Credit Union's major source of income is the financial margin between the income earned on investments and loans to members, and the interest paid on their deposits. The objective of "interest rate sensitivity" management is to keep interest sensitive assets and interest sensitive liabilities in balance by amount and term to maturity, thus monitoring fluctuations of income during periods of changing interest rates.

The following schedule shows the Credit Union's sensitivity to interest rate changes. Amounts with floating rates due or payable on demand are classified as maturing in the first three months, regardless of maturity. A significant amount of loans can be settled before maturity without penalty, on mortgages and deposits a penalty will be levied. No adjustments have been made for repayments that may occur prior to maturity. Amounts that are not interest sensitive have been grouped together, regardless of maturity.

Expected Repricing or Maturity Date	Weighted Average Interest Rate		Assets (000's)	Liabilities (000's)	Net Asset Liability Mismatch (000's)
	Assets	Liabilities			
0 to 3 months	3.73	0.45	\$ 11,557	\$ 39,706	\$ (28,149)
4 to 6 months	4.56	4.81	4,259	1,745	2,514
7 months to 1 year	4.27	3.86	8,828	3,703	5,125
1 to 2 years	4.09	4.15	7,398	758	6,640
2 to 3 years	4.62	4.06	6,297	243	6,054
3 to 4 years	5.11	4.32	4,214	165	4,049
4 to 5 years	5.02	3.98	5,683	34	5,649
Over 5 years	6.84	n/a	2	-	2
Not interest sensitive	n/a	n/a	1,825	3,709	(1,884)
			<u>\$ 50,063</u>	<u>\$ 50,063</u>	<u>\$ -</u>

Interest sensitive assets and liabilities cannot normally be perfectly matched by amount and term to maturity. One of the roles of a credit union is to intermediate between the expectations of borrowers and depositors. As a matter of policy, the Credit Union will limit the short term exposure to a maximum of a negative .20% of the Credit Union's assets, based on a 1% fluctuation in rates.

Foreign exchange risk

The Credit Union's foreign exchange risk is related to United States dollar deposits and cash on hand denominated in United States dollars. At year end, the Credit Union's holdings in foreign currency were 0.15% (2023 - 0.30%) of the total members' deposits portfolio.

The Credit Union limits its exposure to foreign exchange risk by maintaining only minimal levels of US dollar deposits and cash on hand.

There have been no significant changes from the previous year in the exposure to foreign exchange risk or procedures used to limit the risk.

NEW ROSS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

4. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk that the Credit Union will encounter difficulty in meeting obligations associated with financial liabilities as they come due. Liquidity risk is inherent in any financial institution and could result from entry level circumstances and/or market events.

The Credit Union's liquidity management framework is designed to ensure that adequate sources of reliable and cost effective cash or its equivalents are continually available to satisfy its current and prospective financial commitments under normal and contemplated stress conditions.

The Credit Union is required to maintain 10% of member deposits in liquid investments of which 90% must be held with Atlantic Central Credit Union. The Credit Union was in compliance with this requirement at December 31, 2024.

The Credit Union manages liquidity risk by:

- Continuously monitoring actual daily cash flows and longer term forecasted cash flows;
- Monitoring the maturity profiles of financial assets and liabilities;
- Maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities; and
- Monitoring the liquidity ratios monthly.

The Board of Directors receives quarterly liquidity reports as well as information regarding cash balances in order for it to monitor the Credit Union's liquidity framework. The Credit Union was in compliance with the liquidity requirements throughout the year.

The Credit Union's maximum exposure to liquidity risk at the reporting date was:

	2024	2023
Liquid assets	\$ 17,166,653	\$ 11,856,772
Required liquidity	<u>4,692,342</u>	<u>4,491,109</u>
Excess liquidity	<u>\$ 12,474,311</u>	<u>\$ 7,365,663</u>
Liquid assets comprise:		
Cash held at Atlantic Central	\$ 864,327	\$ 1,062,113
Liquidity and short-term deposits held at Atlantic Central	15,865,132	10,300,659
Shares held at Atlantic Central	<u>437,194</u>	<u>494,000</u>
	<u>\$ 17,166,653</u>	<u>\$ 11,856,772</u>

5. CASH RESOURCES

	2024	2023
Cash on hand and in current account	\$ 864,327	\$ 1,062,113
Demand and short-term deposits (Market value = cost)	<u>15,865,132</u>	<u>10,300,659</u>
	<u>\$ 16,729,459</u>	<u>\$ 11,362,772</u>

NEW ROSS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2024

6. MEMBERS' LOANS

Loans by purpose	2024	2023
Personal loans	\$ 3,933,374	\$ 3,342,059
Residential mortgages	17,290,176	16,528,144
Commercial loans	631,481	158,560
Commercial mortgages	66,021	84,936
Lines of credit	1,095,584	1,412,516
Syndication mortgages and mortgage pools	5,236,116	8,418,397
Overdrafts	<u>7,534</u>	<u>1,851</u>
	28,260,286	29,946,463
Accrued interest	<u>37,464</u>	<u>71,776</u>
	28,297,750	30,018,239
Less : Allowance for impaired loans	<u>118,939</u>	<u>72,612</u>
Net loans	<u>\$ 28,178,811</u>	<u>\$ 29,945,627</u>

Members' loans can have either variable or fixed rates of interest and they mature within 1 month to 5 years. The rates offered to members are determined by the type of security offered, the member's credit worthiness, competition from other lenders and the current prime rate.

Commercial loans that are not subject to a government guarantee are secured by collateral ranging from specific assets to a general security agreement or personal guarantee. Consumer loans also are secured by collateral such as vehicles, investments and property.

Syndicated loans consist of commercial mortgages maturing within five years and secured by commercial property. The Credit Union receives monthly amounts from the loan administrators which represent blended payments of principal and interest equal to its percentage interests in the loans, less an administration fee.

Members' loans from mortgage pools earn interest at 1.75% to 5.25%. The Credit Union receives monthly amounts from the loan administrators which represent blended payments of principal and interest equal to its percentage interests in the loans, less an administration fee. The loan pools are comprised of conventional residential mortgages maturing within five years and secured by residential property.

	2024	2023
Maturity analysis:		
Scheduled for repayment:		
Overdrafts and line of credit facilities	\$ 774,750	\$ 1,447,474
Within 1 year	6,450,719	10,424,475
Longer than 1 year and not longer than 3 years	11,385,391	9,824,821
Longer than 3 years	<u>9,649,426</u>	<u>8,249,693</u>
	<u>\$ 28,260,286</u>	<u>\$ 29,946,463</u>

Allowance for impaired loans

Assessment of credit risk

Members' loans 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.

NEW ROSS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

6. MEMBERS' LOANS (Continued)

The Credit Union considers members to be in default when contractual payments are more than 90 days past due or other objective evidence of impairment exists.

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

Members' loans with an acceptable credit risk consistent with that upon origination of the loan are considered to be Stage 1. The credit risk of a loan 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 increase in credit risk designates the loan to be Stage 2.

The Credit Union identifies credit-impaired members' loans through regular review of past due balances and credit assessment of its customers. Loans greater than 90 days past due are considered credit impaired. Credit impaired loans are classified as Stage 3.

Measurement of expected credit losses

The Credit Union measures expected credit losses of members' loans receivable on a group basis. These assets are grouped on the basis of their shared credit risk characteristics such as loan type (residential mortgages, commercial mortgages, other secured loans or non-secured loans). Otherwise, expected credit losses are measured on an individual basis.

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 effects 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 loan.

Significant judgments, estimates and assumptions are required when calculating the expected credit losses of members' loans. 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 forward-looking information may have on the historical data used to measure expected credit losses. The Credit Union has identified forecasted unemployment rates and prime interest rates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Write-offs

Members' loans 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 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.

The following tables set out information about the members' loans classified based on the credit quality of financial assets assessed for impairment under IFRS 9 for 2023 and 2024. The gross carrying amount of members' loans represent the maximum exposure to credit risk.

NEW ROSS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

6. MEMBERS' LOANS (Continued)

	Stage 1	Stage 2	Stage 3	Total
Balance at December 31, 2024				
Gross carrying amount of members' loans	\$ 28,153,103	\$ 107,183	\$ -	\$ 28,260,286
Loss allowance	\$ 86,485	\$ 32,454	\$ -	\$ 118,939
Balance at December 31, 2023				
Gross carrying amount of members' loans	\$ 29,942,730	\$ 3,733	\$ -	\$ 29,946,463
Loss allowance	\$ 70,932	\$ 1,680	\$ -	\$ 72,612

The following tables explain the changes in the loss allowance between the beginning and end of the year.

	Stage 1	Stage 2	Stage 3	Total
Balance at December 31, 2024				
Allowance beginning	\$ 70,932	\$ 1,680	\$ -	\$ 72,612
Recoveries	-	-	24,100	24,100
Write-offs	(18,268)	-	-	(18,268)
Net remeasurement of loss allowance	33,821	30,774	(24,100)	40,495
Allowance ending	\$ 86,485	\$ 32,454	\$ -	\$ 118,939
Balance at December 31, 2023				
Allowance beginning	\$ 51,296	\$ -	\$ 5,320	\$ 56,616
Recoveries	303	-	-	303
Write-offs	-	-	(4,260)	(4,260)
Net remeasurement of loss allowance	19,333	1,680	(1,060)	19,953
Allowance ending	\$ 70,932	\$ 1,680	\$ -	\$ 72,612

The following is an analysis of loans in arrears based on the age of repayments outstanding:

	2024	2023
31 to 60 days	\$ 3,060	\$ 48,615
61 to 90 days	-	3,733
91 to 180 days	3,788	-
Over 180 days	6,316	809
	\$ 13,164	\$ 53,157

Canada Emergency Business Account (CEBA) loans

The Credit Union is participating in the CEBA loan program announced by the government of Canada. As of December 31, 2024, the Credit Union was administering, on behalf of Export Development Canada, commercial loans totaling \$160,000 (2023 - \$440,000). As these loans do not belong to the Credit Union, they are not included in these financial statements.

NEW ROSS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

7. LONG-TERM INVESTMENTS

	2024	2023
Shares in unlisted entities (at cost):		
Atlantic Central common shares	\$ 356,194	\$ 413,000
Atlantic Central provincial shares	81,000	81,000
Concentra Financial Services Association	-	350,000
Concentra term deposits	2,400,000	3,700,000
League Savings and Mortgage Limited	839,367	839,367
League Data Limited - class B preference shares	199,950	19,950
Cooperative EFT Development Association (CEDA)	10	10
Nova Scotia Enterprises Co-operative	500	500
	<u>3,877,021</u>	<u>5,403,827</u>
Accrued interest receivable	<u>105,113</u>	<u>101,543</u>
	<u>\$ 3,982,134</u>	<u>\$ 5,505,370</u>

The Credit Union's long-term equity investments are not held for trading or contingent consideration from a business combination. Long-term equity investments are irrevocably measured at FVTOCI. The investments do not have a quoted market price in an active market. In each instance, management has reviewed the attributes of its investments and determined that fair value was liquidation value for each investment as there is no ability to otherwise sell the investments. Management also determined that liquidation value approximates historical cost.

8. CAPITAL ASSETS

Cost	Land	Buildings	Furniture & Fixtures	Paving	Computer Equipment	Total
Balance at January 1, 2023	\$ 22,571	\$ 1,181,173	\$ 512,379	\$ 39,649	\$ 331,012	\$ 2,086,784
Additions	-	-	24,105	-	30,978	55,083
Disposals	-	-	-	-	-	-
Balance at December 31, 2023	<u>22,571</u>	<u>1,181,173</u>	<u>536,484</u>	<u>39,649</u>	<u>361,990</u>	<u>2,141,867</u>
Additions	-	-	53,933	-	4,211	58,144
Disposals	-	-	-	-	-	-
Balance at December 31, 2024	<u>\$ 22,571</u>	<u>\$ 1,181,173</u>	<u>\$ 590,417</u>	<u>\$ 39,649</u>	<u>\$ 366,201</u>	<u>\$ 2,200,011</u>
Accumulated depreciation						
Balance at January 1, 2023	\$ -	\$ 784,892	\$ 487,737	\$ 22,767	\$ 326,806	\$ 1,622,202
Depreciation expense	-	19,814	7,339	675	8,961	36,789
Disposals	-	-	-	-	-	-
Balance at December 31, 2023	<u>-</u>	<u>804,706</u>	<u>495,076</u>	<u>23,442</u>	<u>335,767</u>	<u>1,658,991</u>
Depreciation expense	-	18,823	13,675	648	11,773	44,919
Disposals	-	-	-	-	-	-
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 823,529</u>	<u>\$ 508,751</u>	<u>\$ 24,090</u>	<u>\$ 347,540</u>	<u>\$ 1,703,910</u>
Net book value						
December 31, 2023	\$ 22,571	\$ 376,467	\$ 41,408	\$ 16,207	\$ 26,223	\$ 482,876
December 31, 2024	<u>\$ 22,571</u>	<u>\$ 357,644</u>	<u>\$ 81,666</u>	<u>\$ 15,559</u>	<u>\$ 18,661</u>	<u>\$ 496,101</u>

NEW ROSS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

9. PAYABLES AND ACCRUALS

	2024	2023
Accrued interest on deposits	\$ 243,269	\$ 182,850
Trade payables	<u>111,261</u>	<u>300,502</u>
	<u>\$ 354,530</u>	<u>\$ 483,352</u>

10. MEMBERS' DEPOSITS

	2024	2023
Chequing	\$ 550,128	\$ 672,753
Demand, no penalty on withdrawal	36,359,378	36,401,914
RRSP and RRIF	1,508,698	1,301,430
Term deposits	<u>8,505,215</u>	<u>6,534,993</u>
	<u>\$ 46,923,419</u>	<u>\$ 44,911,090</u>
Maturity analysis:		
At call	\$ 36,983,878	\$ 37,168,816
Within 1 year	8,740,216	6,526,026
Longer than 1 year and not longer than 3 years	1,001,245	880,409
Longer than 3 years	<u>198,080</u>	<u>335,839</u>
	<u>\$ 46,923,419</u>	<u>\$ 44,911,090</u>

Concentra Financial is the trustee of the Registered Retirement Savings Plan offered to the members. Under the agreement with Concentra Financial, members' contributions to these funds as well as the income earned thereon are deposited to the Credit Union.

11. EQUITY SHARES

Each member must hold 20 common shares with a par value of \$5 each, except for members under 19 and students, who must hold 1 share. Common shares and surplus shares may be withdrawn on demand or withdrawal from membership, subject to the Credit Union meeting capital adequacy requirements and the discretion of the Board of Directors.

Authorized:

An unlimited number of common shares with
par value of \$5 each.

Issued:

Balance, beginning of year (39,196 shares)
Add: shares issued during year (1,662)

	2024	2023
	\$ 195,980	\$ 195,127
	<u>8,312</u>	<u>13,953</u>
	204,292	209,080
Less: shares redeemed during year (2,254)	<u>11,269</u>	<u>13,100</u>
Balance, end of year (38,604 shares)	<u>\$ 193,023</u>	<u>\$ 195,980</u>

NEW ROSS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

12. INCOME TAX

The components of income tax expense (recovery) were as follows:

	2024	2023
Current tax expense	\$ 33,468	\$ 41,604
Deferred tax expense		
Originating and reversal of deductible temporary differences	<u>(2,975)</u>	<u>530</u>
Total income tax expense	<u>\$ 30,493</u>	<u>\$ 42,134</u>

The provision for income taxes differs from the result which would be obtained by applying the combined Canadian Federal and Provincial statutory income tax rates to income. This difference results from the following:

	2024	2023
Income before income taxes	\$ 265,954	\$ 385,969
Combined Canadian basic federal and provincial income tax rate	<u>11.50%</u>	<u>11.50%</u>
Expected income tax expense	30,585	44,386
Effect on income tax of:		
Temporary differences	(92)	(2,252)
Permanent differences	<u>-</u>	<u>-</u>
Total income tax expense	<u>\$ 30,493</u>	<u>\$ 42,134</u>

13. RELATED PARTY TRANSACTIONS

The Credit Union entered into the following transactions with key management personnel, which are defined by IAS 24 - Related Party Disclosures, as those persons having authority and responsibility for planning, direction and controlling the activities of the Credit Union, including directors and senior management.

	2024	2023
Compensation of key management personnel		
Direct compensation	\$ 186,283	\$ 164,491
Contributions to defined contribution plan	<u>29,222</u>	<u>21,464</u>
Total salaries and benefits	<u>\$ 215,505</u>	<u>\$ 185,955</u>
Loans and deposits to related parties		
Loans, mortgages and lines of credit advanced	\$ 754,165	\$ 798,092
Deposits	<u>742,122</u>	<u>771,770</u>

The Credit Union enters transactions, arrangements and agreements involving directors, senior management and staff in the ordinary course of business. Terms and conditions on the transactions, arrangements and agreements are the same terms and conditions which apply to Members. None of the loans outstanding by key management personnel or the Board of Directors are impaired.

Pension plan

The Credit Union has a defined contribution pension plan covering all of its regular employees to which the Credit Union makes contributions equal to 2% to 6% of each participant's eligible salary. Current service costs total \$37,645 (2023 - \$29,472) and were included in salaries, benefits and contracted services expense on the statement of income.

NEW ROSS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

14. CAPITAL REQUIREMENTS

The Credit Union's objectives when managing capital are designed to establish a strong base for future growth, to pay dividends on the equity shares and to provide a cushion in the event of market instability. Capital is managed in accordance with policies established by the Board of Directors and regulators. The Credit Union has a capital plan to provide long-term forecast of capital requirements. All of the elements of capital are monitored throughout the year and modifications of capital management strategies are made as appropriate.

In accordance with the Credit Union Act, the Credit Union shall establish and maintain equity at a level equal to 5% of its assets. At December 31, 2024, equity was 5.56% (2023 - 5.32%) of its assets, which is above the minimum equity requirement. For the purposes of this requirement, equity consists of members' shares, reserves and retained earnings.

15. FAIR VALUES OF FINANCIAL INSTRUMENTS

The estimated fair values of the Credit Union's financial instruments are set out below. Fair value represents the amount at which a financial investment could be exchanged in an orderly transaction between market participants at the measurement date.

Fair value amounts disclosed represent point in time estimates that may change in subsequent reporting periods due to market conditions or other factors. Where there is no quoted market value, fair value is determined using a variety of valuation techniques and assumptions. The Credit Union has estimated fair values taking into account changes in interest rates and credit risk that have occurred since the assets and liabilities were acquired. These calculations represent management's best estimates based on a range of methods and assumptions; since they involve uncertainties, the fair values may not be realized in an actual sale or immediate settlement of the instruments. Interest rate changes are the main cause of changes in the fair value of the Credit Union's financial instruments. The carrying value is a reasonable approximation of fair value for the Credit Union's cash resources, demand deposits, certain other assets and certain other liabilities, due to their short-term nature.

The fair value of financial instruments are as follows:

Loans:

In determining the fair value of loans, the Credit Union incorporates the following assumptions:

- For fixed rate performing loans, fair values are determined by discounting remaining contractual cash flows at current market interest rates offered for loans with similar terms.
- For floating rate performing loans, changes in interest rates have minimal impact on the fair value since loans reprice to market. On that basis, fair value is assumed to equal carrying value.
- The total value of loans determined using the above assumptions is reduced by the allowance for impaired loans to determine the fair value of the Credit Union's loan portfolio.

Deposits:

In determining the fair value of deposits, the Credit Union incorporates the following assumptions:

- For fixed rate and fixed maturity deposits, the Credit Union discounts the remaining contractual cash flows, at market interest rates offered for deposits with similar terms and risks.
- For floating rate deposits, changes in interest rates have minimal impact on the fair value since deposits reprice to market. On that basis fair value is assumed to equal carrying value.

NEW ROSS CREDIT UNION LIMITED
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15. FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

The Credit Union categorizes valuation methods used for financial instruments carried at fair value under a hierarchy of valuation techniques based on whether inputs are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Credit's Union market assumptions. These two inputs create the following fair value hierarchy:

- Level 1 – Quoted prices for active markets for identical financial instruments.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar financial instruments in markets that are not active; and model derived valuation in which all significant inputs are observable in active markets.
- Level 3 – Valuations derived for valuation techniques in which one or more significant inputs are not based on observable market data.

The differences between the book values and fair values of the Credit Union's loans, deposits and other financial instruments are due primarily to changes in interest rates.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Fair value of investments:

	2024	2023
Fair Value Hierarchy		
Level 1	\$ -	\$ -
Level 2	3,982,134	5,505,370
Level 3	-	-
	<u>\$ 3,982,134</u>	<u>\$ 5,505,370</u>

Fair value of loans and deposits:

	2024		2023	
	<u>Book Value</u>	<u>Estimated Fair Value</u>	<u>Book Value</u>	<u>Estimated Fair Value</u>
Members' loans	\$ 28,178,811	\$ 28,420,350	\$ 29,945,627	\$ 29,813,058
Members' deposits	\$ 46,923,419	\$ 47,092,349	\$ 44,911,090	\$ 44,913,121

16. CREDIT FACILITY

The Credit Union has an approved operating line of credit with Atlantic Central with a limit of \$1,200,000 to cover shortfalls in cash resources. The line of credit is secured by an assignment of book debts, bears interest at 5.45% and is to be reviewed on an annual basis. At December 31, 2024, the line of credit was not drawn upon.

17. RESERVE

In a previous year the Credit Union received a stock dividend of \$113,000 as a result of the reorganization of Credit Union Central into the new Atlantic Central. The Credit Union Deposit Insurance Corporation of Nova Scotia (CUDIC) requires that the earnings associated with this transaction be segregated and disclosed separately from capital accumulated from ordinary operations. They further require that no distribution of proceeds from this transaction be permitted until such time as total equity is equal to or greater than 8% of total assets and retained earnings are equal to or greater than 4% of total assets. The first condition has not been met.

NEW ROSS CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

18. PREPAID EXPENSES

	2024	2023
HoneyBee implementation costs	\$ 587,910	\$ 587,910
Other prepaid expenses	<u>54,965</u>	<u>60,168</u>
	<u>\$ 642,875</u>	<u>\$ 648,078</u>

The honeybee Mission is the overall brand name for League Data projects related to core banking, digital services and cyber security service. These projects include transitioning the current HORIZON core system to a new Mambu core banking platform by 2025.

The Credit Union's portion of The honeybee Mission costs were invoiced according to the following payment schedule:

- June 31, 2022 \$110,947
- January 31, 2023 \$138,684
- June 30, 2023 \$138,684
- January 31, 2024 \$199,595

These up-front payments are recorded as a prepaid asset. The prepaid asset will be amortized over the term of the honeybee service contract, which will be determined by League Data and the member Credit Unions.

19. SUBSEQUENT EVENTS

The membership of New Ross Credit Union voted in favor of amalgamating with Community Credit Union and Victory Credit Union effective January 1, 2025, to form Mosaik Credit Union.

The amalgamation occurred through a membership vote and subsequent share for share exchange, whereby each member of New Ross Credit Union exchanged their shares for new shares in Mosaik Credit Union. The assets and liabilities of the New Ross Credit Union were merged with the assets and liabilities of Community Credit Union and Victory Credit Union on the amalgamation date. No cash was transferred, and no contingent consideration was provided as part of this transaction.

NEW ROSS CREDIT UNION LIMITED

SCHEDULES OF ADMINISTRATIVE AND OCCUPANCY EXPENSES

Year ended December 31

2024**% of Income**

2023

% of Income**Administrative expenses**

Advertising and promotion	\$	8,950	0.4	\$	11,009	0.5
Accounting and audit		34,580	1.4		49,575	2.2
Insurance		16,803	0.7		15,106	0.7
Data processing		230,977	9.3		224,514	9.8
Donations		8,000	0.4		7,035	0.4
Dues, fees and courier		243,820	9.8		185,384	8.1
League dues		39,843	1.6		36,719	1.6
Legal and collection		2,156	0.1		3,973	0.2
Meeting expenses		1,360	0.1		6,083	0.3
Miscellaneous		9,059	0.4		5,756	0.3
Office, stationery and postage		63,541	2.5		45,009	2.0
Telephone		9,712	0.4		12,518	0.5
Travel		3,874	0.2		2,095	0.1
	\$	<u>672,675</u>	<u>27.3</u>	\$	<u>604,776</u>	<u>26.7</u>

Occupancy expenses

Fire insurance	\$	19,670	0.8	\$	14,272	0.6
Heat and lights		20,203	0.8		19,424	0.8
Property and business occupancy taxes		9,071	0.4		8,676	0.4
Repairs and maintenance		28,572	1.1		39,898	1.7
	\$	<u>77,516</u>	<u>3.1</u>	\$	<u>82,270</u>	<u>3.5</u>

(See accompanying notes to the financial statements)

Certificate Of Completion

Envelope Id: B690661C-DBDD-4A4D-8C9D-8B021EEAF212
Subject: Complete with Docusign: NRCU 2024 draft statements - V2 final draft.pdf
Members Account Number (8 digits when possible): Not Applicable
Members Name:
Source Envelope:
Document Pages: 26
Certificate Pages: 4
AutoNav: Enabled
Envelopeld Stamping: Enabled
Time Zone: (UTC-04:00) Atlantic Time (Canada)

Status: Completed

Envelope Originator:
Cris Sanford
Address Redacted
csanford@mosaikcu.ca
IP Address: 20.23.72.49

Record Tracking

Status: Original
5/1/2025 11:12:00 AM

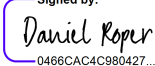
Holder: Cris Sanford
csanford@mosaikcu.ca

Location: DocuSign

Signer Events

Daniel Roper
droper@mosaikcu.ca
Security Level: Email, Account Authentication
(None)

Signature

Signed by:

0466CAC4C980427...

Signature Adoption: Pre-selected Style
Using IP Address: 24.215.120.218

Timestamp

Sent: 5/1/2025 11:16:25 AM
Resent: 5/1/2025 1:12:12 PM
Viewed: 5/1/2025 1:18:01 PM
Signed: 5/1/2025 1:18:15 PM

Electronic Record and Signature Disclosure:

Accepted: 5/1/2025 1:18:01 PM
ID: 6cc07a65-05a9-412b-b428-7e8bd6dd86fc
Company Name: Mosaik Credit Union

Nick Parker
nickparker@mosaikcu.ca
Security Level: Email, Account Authentication
(None)

Signed by:

A48E30DF9E5A47B...

Signature Adoption: Pre-selected Style
Using IP Address: 142.176.5.194

Sent: 5/1/2025 11:16:25 AM
Viewed: 5/1/2025 11:19:51 AM
Signed: 5/1/2025 11:21:26 AM

Electronic Record and Signature Disclosure:

Accepted: 5/1/2025 11:19:51 AM
ID: 99262068-c873-424d-a657-78859d386094
Company Name: Mosaik Credit Union

In Person Signer Events

Signature

Timestamp

Editor Delivery Events

Status

Timestamp

Agent Delivery Events

Status

Timestamp

Intermediary Delivery Events

Status

Timestamp

Certified Delivery Events

Status

Timestamp

Carbon Copy Events

Status

Timestamp

Witness Events

Signature

Timestamp

Notary Events

Signature

Timestamp

Envelope Summary Events

Status

Timestamps

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	5/1/2025 11:16:25 AM
Certified Delivered	Security Checked	5/1/2025 11:19:51 AM
Signing Complete	Security Checked	5/1/2025 11:21:26 AM
Completed	Security Checked	5/1/2025 1:18:15 PM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

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How to contact Mosaik Credit Union:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To advise Mosaik Credit Union of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at info@mosaikcu.com and in the body of such request you must state: your previous email address, your new email address. Please contact us using the contact us on our web site.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from Mosaik Credit Union

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to and in the body of such request you must state your email address, full name, mailing address, and telephone number.

To withdraw your consent with Mosaik Credit Union

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

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The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

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To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

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