

# Annual **REPORT**



A strong economy starts with  
strong communities.

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### **Our Vision Statement**

Beaubear Credit Union will be recognized as the financial institution of choice by providing our members with knowledgeable customer service in a professional environment while being a leader in the community.

### **Our Mission Statement**

To provide our members with financial advice, service, and products, while enriching their lives through community support.

## Agenda

- 1. Call to order:**
  - a. Approval of Agenda
  - b. Moment of Silence
  - c. Establish a Quorum Present
  - d. Introductions
- 2. Reading and approval of the minutes of the last meeting**
- 3. Reports:**
  - a. Auditor
  - b. President and Chief Executive Officer's Message
  - c. Audit Committee
  - d. Governance Committee
- 4. Recommendations of the Board of Directors:**
  - a. Appointment of Auditor
  - b. Board of Director Reimbursement of Expenses
  - c. Board of Director Remuneration
- 5. Election of Board of Directors**
- 6. Recognition Staff and Service Awards**
- 7. Adjournment**

## Minutes of the 85th Annual General Meeting

The 85th Annual General Meeting of Beaubear Credit Union was held in person on Tuesday, April 23, 2024, at the Kin Centre, 100 Newcastle Blvd., Miramichi, NB.

### **Call to Order:**

President Pat Clancy called the meeting to order at 6:00 PM.

### **Approval of the Agenda:**

It was **MOVED** by Mary Clark, **SECONDED** by Lynn Estey that the agenda for the meeting be accepted as presented.

**MOTION CARRIED.**

### **Moment of Silence:**

A moment of silence was observed for deceased members.

### **Quorum:**

With 45 members in attendance, consisting of 43 eligible voting members, a quorum was declared.

### **Introductions:**

Pat Clancy introduced the Board of Directors and welcomed Brett Campbell of Allen, Paquet & Arseneau, who would present the financials. The board members acknowledged were Dane Gunnlaugson, Brent Tozer, Jason Hamilton, Lori O’Neil, Terry Williston, Fred Holmes, Rick Lloyd, Pat Clancy and Tara Ross Robinson (absent).

### **Reading and Approval of Minutes of the Previous Meeting:**

The minutes of the 84th AGM held on April 25, 2023, were reviewed.

It was **MOVED** by David Hamilton, **SECONDED** by Vickie McLean that the minutes be accepted as presented.

**MOTION CARRIED.**

### **President and CEO’s Report:**

CEO Toshia Hamilton and President Pat Clancy reflected on 2023 as a year of change, transition, and growth. They acknowledged the commitment of the staff, resilience through challenges, and the importance of embracing innovation.

It was **MOVED** by Toshia Hamilton **SECONDED** by Lori Ann Richard that the President and CEO’s Report be accepted as presented. **MOTION CARRIED.**

### **Auditor’s Report:**

Brett Campbell of Allen, Paquet & Arseneau LLP presented the audited financial statements for the year ending December 31, 2023.

It was **MOVED** and **SECONDED** that the Auditor’s Report be accepted as presented. **MOTION CARRIED.**

### **Audit Committee Report:**

Fred Holmes delivered the report, highlighting the committee’s oversight on risk management, internal controls, regulatory compliance, and financial reporting.

It was **MOVED** by Fred Holmes, **SECONDED** by Tony Daley that the Audit Committee Report be accepted as presented.

**MOTION CARRIED.**

### **Governance Committee Report:**

Dane Gunnlaugson presented the Governance Committee report. The committee focused on policy reviews, board structure, director education, and performance assessments.

It was **MOVED** by Dane Gunnlaugson, **SECONDED** by Natalie Savoie that the Governance Committee Report be accepted as presented. **MOTION CARRIED.**

### **Staff Awards:**

Staff were recognized for their years of service:

- One-year service: Karrie Allen, Maggie Power, and Kelly Amos
- 15-year service: Toshia Hamilton, CEO

### **Board Recommendations:**

It was **MOVED** by David Hamilton and **SECONDED** that the following three recommendations be accepted together:

1. Auditor Appointment
2. Reimbursement of Board Expense
3. Board Remuneration

**MOTION CARRIED.**

### **Election of Board of Directors:**

Two positions were filled by Rick Lloyd and Brent Tozer who reoffered. Two additional positions were filled by acclamation: Lynn Estey and Judy Breau. No nominations were received from the floor.

### **Closing Remarks:**

Pat Clancy thanked the Board, management, staff, and members for their continued support and dedication. He emphasized Beaubear’s commitment to the Miramichi community.

### **Adjournment:**

With all business concluded, the meeting was adjourned. No vote required.

## CEO and President's Joint Message

As we reflect on 2024, I am filled with immense pride and gratitude for the journey we've shared this past year. It has been a time of bold transformation and unwavering commitment, where our collective resilience and dedication once again defined who we are as a credit union and as a community.

This year brought some of the most significant operational changes in our organization's recent history. From launching a brand-new banking system to unveiling an updated website, mobile app, and a refreshed logo — 2024 was truly a year of reinvention. These enhancements were more than just technological upgrades; they were important steps in ensuring that we continue to serve our members with excellence, both now and in the future.

Our team rose to the challenge with incredible determination. Learning an entirely new banking platform while maintaining the high level of service our members expect is no small feat. Yet, our staff approached every transition with professionalism, heart, and an unwavering focus on delivering a seamless member experience. Their dedication is nothing short of extraordinary, and I extend my heartfelt thanks to each of them for their hard work and perseverance.

As we introduced these innovations, our commitment to people—our members, our staff, and our community—remained our guiding star. Each change we implemented was made with the intention of enhancing your banking experience and making it easier, more intuitive, and more accessible.

Inspired by the words of Maya Angelou, "We delight in the beauty of the butterfly, but rarely admit the changes it has gone through to achieve that beauty," I believe 2024 has been a powerful testament to growth through change. We have not only adapted—we have evolved, and we have done so together.

Looking ahead, we remain committed to building on this momentum. Our vision for the future is rooted in innovation, inclusivity, and our deep-seated values that have stood the test of time for over 85 years. We will continue to listen, adapt, and serve—with integrity, care, and an unwavering focus on what matters most: our members.

On behalf of the Board of Directors, the Management Team, and our incredible staff, thank you for your continued trust in Beaubear Credit Union. Your loyalty inspires us to keep moving forward, stronger and more connected than ever.

With gratitude,

**Tosha Hamilton**

Chief Executive Officer  
Beaubear Credit Union



**Fred Holmes**

President, Board of Directors  
Beaubear Credit Union



**The strength of the team is each individual member.  
The strength of each member is the team.**

- Phil Jackson



## Audit Committee Report

The Board of Directors of Beaubear Credit Union recognizes the importance of oversight related to financial reporting and ensuring the integrity of the Credit Union's financial statements and its internal control monitoring system. Matters relating to financial oversight will be assigned to the Audit/Risk Committee. It is a requirement of the Credit Union Act (the Act) and the Rules CU-001 General Section 18 & 19 of the Financial and Consumer Services Commission, that the committee shall have the following duties and authority:

- The Committee is primarily responsible to oversee the financial reporting process which includes ensuring the integrity of Beaubear Credit Union's financial statements and monitoring the system of internal control.
- Meet with the auditor of the credit union before the commencement of the audit to review the audit plan and to ensure that the audit committee understands the scope of the audit.
- The Committee is responsible for oversight of the Credit Union's ERM process and program.
- The Board has designated the Audit/Risk Committee to complete the duties of the Co-Operative Social Responsibility Committee and to oversee and recommend priorities for charitable giving including sponsorships and donations.
- The Committee is responsible for any other functions as may be assigned by the Board of Directors from time to time.
- The Committee will facilitate the tender or call for proposals of audit services, review proposals from external audit firms and recommend auditors for appointment.
- Review the reasonableness and significance of the financial position and reported results in the audited financial statements of the credit union for recommending to the directors that the audited financial statements be approved.
- Review the accounting principles and practices followed by the Credit Union during the fiscal year of the financial statements reviewed and all significant changes from the principles and practices followed during the preceding fiscal year.
- Review the audited financial statements of the Credit Union's subsidiaries, if there are subsidiaries.
- Discuss with the auditor the audit findings, restrictions on the scope of the auditor's work and problems that the auditor may have experienced performing the audit.
- Review the nature and extent of the auditor's evaluation of the internal control systems of the Credit Union.

- Review the recommendations made by the auditor to the management of the Credit Union and the response made by management to the recommendations.
- Review the organization and independence of the internal auditors of the Credit Union, including the internal auditor's goals and work plans and problems that they may have experienced in performing the internal audit.
- Report and make recommendations to the directors of the Credit Union arising from its duties that the committee considers appropriate in the circumstances.
- Report in writing to the members at the annual general meeting of the Credit Union on activities of the committee during the year.

The Audit Committee's principal role is to ensure that the appropriate level of due diligence has been directed towards ensuring an effective risk management and control framework has been implemented by management. This framework provides reasonable assurance that:

- The financial, operational and regulatory objectives of the Credit Union are achieved;
- That the governance and accountability of board and management are met and
- That there is oversight of risk management, internal control, financial reporting and compliance with regulatory matters.

The Committee met monthly with the CEO to review the financial progress of the Credit Union. The monthly meetings also the Finance Officer.

There was an external audit/inspection performed by Financial and Consumer Services Commission (FCNB). They reviewed Capital, Assets, Management, Earnings and Asset/Liability Management.

We commend our Management and Staff and thank them for their hard work and due diligence throughout the year as we transitioned to a new banking platform. We look forward to the opportunities and success during fiscal 2025, while continuing to protect the investments of our Members.

Respectfully submitted,

**Audit Committee:**

Lynn Estey, Chair	Jason Hamilton	Lori O'Neill
Brent Tozer	Rick Lloyd	Judy Breau

## Governance Committee Report

The Governance Committee continued to meet monthly throughout 2024 with directors attending meetings either in person or remotely through ZOOM. The Committee consisted of Judy Breau, as Chair, with Dane Gunnlaugson, Jason Hamilton, Terry Williston and Tara Ross Robinson as committee members. OnBoard has been a great resource for the Governance Committee and the Board, in general, as a center for notices, meeting materials, resources, etc.

The Governance Committee is assigned the following oversight responsibilities:

- the size, composition and structure of the Board.
- assessments of the effectiveness and contribution of the Board, its committees and individual directors.
- Beaubear Credit Union's overall approach to its own corporate governance.
- develop and recommend to the Board for approval governance policies, practices and procedures.
- orientation and continuing education for directors.
- matters involving actual or potential conflicts of interest; and
- any additional matters delegated to the Committee by the Board.

The Committee follows an annual workplan and continues to review and update current policies in coordination with the BCU Policy Review Schedule. All new policies are added to the workplan as they are issued. In January, we received notice of 31 additional Standards and Operating Procedures for Cybersecurity and two Templates to be implemented by June 30, 2025.

In January, the Committee conducted the annual Board Self-Assessment, in compliance with policy. Results were compiled and presented to the Board at the February Board meeting. The results were reviewed, and the Board will continue to make improvements to strengthen the weaker areas.

I would like to thank Committee members for their continued work, on the Governance of Beaubear, and Marilyn Daley for her dedication and input as resource to the Committee.

Respectfully submitted on behalf of the  
Governance Committee

Judy Breau  
Committee Chair



## **Recommendations of the Board of Directors for consideration at the 2024 Annual Meeting**

### **A) APPOINTMENT OF AUDITORS**

The Board of Directors of Beaubear Credit Union recommends the appointment of Deloitte as Beaubear Credit Union's auditor for the next financial period ending December 31, 2025.

### **B) BOARD OF DIRECTOR REIMBURSEMENT OF EXPENSES**

The Board of Directors of Beaubear Credit Union recommends the reimbursement of expenses incurred by a board member(s) as a result of conducting credit union business on behalf of Beaubear Credit Union including reimbursement of mileage to Board and Committee meetings.

### **C) BOARD OF DIRECTOR REMUNERATION**

The Board of Directors of Beaubear Credit Union recommends that if a board member(s) incur a loss in wages for conducting any credit union business on behalf of Beaubear Credit Union, Beaubear Credit Union will reimburse such member for loss of wages to a maximum of \$300.00 per day.

## Board of Directors

Judy Breau  
Lynn Estey  
Dane Gunnlaugson- Secretary  
Jason Hamilton  
Fred Holmes- President  
Rick Lloyd  
Lori O'Neil  
Tara Ross Robinson  
Brent Tozer  
Terry Williston- Vice President

## Employees

Karie Allain, Member Service Representative  
Kelley Amos, Senior Member Service Representative  
Cindy Brewer, Member Service Representative\*  
Marilyn Daley, Financial Officer  
Natalie Flynn, Senior Member Service Representative  
Stephanie Gremley-Wiseman, Mktg and Advertising Coordinator  
Erin Hambrook, Personal and Commercial Administrator  
Tosha Hamilton, Chief Executive Officer  
Nickeisha Harvey, Member Service Representative  
Rajwinder Kaur, Member Service Representative  
Bradley MacDonald, Member Service Representative  
Cathy MacDonald, Personal Account Manager  
Sherri Mountain, Member Service Representative\*  
Kelly Muzzeral, Member Service Representative  
Maggie Power, Personal Account Manager  
Lorie Ann Richard, Commercial Account Manager\*  
Natalie Savoie, Internal Control Officer

\*Thank you to the former employees who contributed to the success of our team in 2024, we appreciate the time you were with us.

## 2024 Scholarship Recipients



**Joseph White**  
NSER Graduate



**Emma Comeau**  
James M Hill Graduate

2024 recipients of the Beaubear Credit Union Founders Scholarship of \$1000.

## 2024 Academic Award Recipients

**Jakob Jardine** and **Andi Ryder** were awarded prizes from Beaubear Credit Union at the NSER Graduation for achieving the highest academic standing.

**Thom Washburn** and **Addy Swaine** were awarded prizes from Beaubear Credit Union for their outstanding combination of academic and athletic achievement.

**James M Hill** graduates Brent Fitzpatrick and Allie Richard received the Beaubear Credit Union Improvement Award!

## Recognizing Our Dedicated Team Members

At Beaubear Credit Union, our success is built on the dedication and commitment of our team. This year, we are proud to recognize and celebrate **Rajwinder**, **Nickeisha**, **Natalie F**, **Natalie S**, **Erin** and **Marilyn** who have reached significant milestones in their years of service. Their hard work, passion, and unwavering support for our members embody the values we hold dear.

To each team member celebrating a milestone—thank you for your contributions and for making Beaubear Credit Union a trusted financial partner in our community. Your dedication does not go unnoticed, and we look forward to many more years of shared success.



**Rajwinder Kaur**  
1 Year



**Nickeisha Harvey**  
1 Years



**Natalie Flynn**  
5 Years



**Natalie Savoie**  
20 Years



**Erin Hambrook**  
20 Years



**Marilyn Daley**  
35 Years

## 2024 Highlights

### Brand Refresh

On International Credit Union Day, October 16, 2024, Beaubear Credit Union revealed a new logo.

Our new logo represents a bold, future forward vision. It supports the digital friendly banking experience our members expect and represents our community and cooperative values in a new friendly and modern way.

This logo refresh allows us to showcase ourselves as the inclusive, member-focused institution we've always been. It honours our cooperative spirit while propelling us forward.



Food for Friends Donation



Honey Bee Conversion



Honey Bee Conversion



Greater Miramichi Chamber of Commerce



Greater Miramichi Chamber of Commerce Gala

## Supporting Credit Union Initiatives

As part of our ongoing commitment to community support, Beaubear Credit Union held its Annual Giving Tuesday Food Drive. Thanks to the generosity of our members and staff, we raised over \$400 and donated five boxes of food to help local families in need.

This initiative reflects our dedication to making a positive impact in the communities we serve. We are grateful for the continued support that allows us to give back and strengthen our community year after year.



Annual Giving Tuesday Food Drive

## Management's Responsibility for Financial Information

The management of Beaubear Credit Union is responsible for the integrity, objectivity and consistency of the financial information presented in this annual report. This responsibility includes selecting appropriate accounting policies which are in accordance with Canadian generally accepted accounting principles and ensuring that the financial information is based on informed judgments and estimates with appropriate consideration as to materiality. The Board of Directors has approved the financial statements for issuance to the members.

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

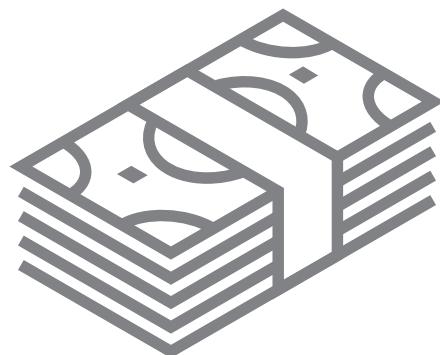
The Board of Directors oversees the management's responsibility for financial statements through the Audit Committee. The Audit Committee conducts a detailed review of the financial statements with management and the independent auditors before recommending their approval to the Board of Directors.

Allen, Paquet & Arseneau LLP, the independent auditors appointed by the members, have examined our financial statements in accordance with generally accepted auditing standards and issued their report below.

The auditors have full and complete access to and meet periodically with the Audit Committee to discuss the audit of the financial statements and matters arising there from.



Tosha Hamilton  
Chief Executive Office



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## Financial statements of Beaubear Credit Union Ltd.

December 31, 2024

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## Independent Auditor's Report

To the Members of  
Beaubear Credit Union Limited

### Opinion

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

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

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matter

The financial statements of the Beaubear Credit Union Limited for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those on April 23, 2024.

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

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

*Deloitte LLP*

Chartered Professional Accountants  
December 19, 2025

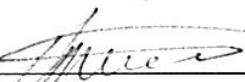
**Beaubear Credit Union Ltd.**  
**Statement of financial position**  
As at December 31, 2024

	Notes	2024	2023
		\$	\$
<b>Assets</b>			
Cash and cash equivalents	10	<b>10,106,490</b>	6,993,325
Investments	4	<b>21,321,870</b>	20,582,162
Accounts receivable		—	63,993
Accrued interest receivable		<b>352,072</b>	538,926
Prepaid expenses		<b>841,356</b>	875,765
Loans receivable	5 and 7	<b>52,847,018</b>	51,526,303
Deferred tax asset	12	<b>142,600</b>	19,500
Property and equipment	6	<b>904,439</b>	1,011,934
		<b>86,515,845</b>	81,611,908
<b>Liabilities</b>			
Member deposits	11	<b>78,113,607</b>	73,865,962
Accounts payable and accrued liabilities		<b>660,271</b>	719,870
Accrued interest on deposits		<b>629,221</b>	562,538
Income taxes payable		<b>219,705</b>	40,504
Lease liability	8 and 18	<b>574,923</b>	622,265
Membership shares	13	<b>164,795</b>	171,926
		<b>80,362,522</b>	75,983,065
<b>Members' equity</b>			
Special reserve	14	<b>178,000</b>	178,000
Technology reserve	9	<b>100,000</b>	100,000
Surplus		<b>5,875,323</b>	5,350,843
		<b>6,153,323</b>	5,628,843
		<b>86,515,845</b>	81,611,908

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

Approved by the Board

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

**Beaubear Credit Union Ltd.**  
**Statement of income and comprehensive income**  
Year ended December 31, 2024

	Notes	<b>2024</b>	2023
		\$	\$
<b>Interest income</b>			
Interest on loans		<b>2,930,928</b>	2,643,580
Interest on investments		<b>941,428</b>	776,822
		<b>3,872,356</b>	3,420,402
<b>Interest expense and credit losses</b>			
Interest on member deposits		<b>1,173,654</b>	997,843
Provision for credit losses		<b>105,781</b>	115,587
		<b>1,279,435</b>	1,113,430
Financial margin		<b>2,592,921</b>	2,306,972
<b>Non-interest expenses</b>			
Depreciation	6	<b>127,621</b>	124,620
General business		<b>1,035,055</b>	882,171
Member security		<b>134,505</b>	118,803
Occupancy		<b>118,781</b>	116,287
Organization		<b>41,593</b>	75,457
Personnel		<b>922,261</b>	833,192
		<b>2,379,816</b>	2,150,530
<b>Other income</b>			
Commissions		<b>48,718</b>	59,869
Service charges		<b>418,158</b>	384,775
Miscellaneous		<b>27,824</b>	109,586
		<b>494,700</b>	554,230
Earnings before income taxes		<b>707,805</b>	710,672
<b>Income taxes</b>			
Current		<b>306,425</b>	125,376
Recovery		<b>(123,100)</b>	—
		<b>183,325</b>	125,376
<b>Net income and comprehensive income for the year</b>	12	<b>524,480</b>	585,296

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

**Beaubear Credit Union Ltd.**  
**Statement of changes in members' equity**  
Year ended December 31, 2024

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	<b>2024</b>	<b>2023</b>
	\$	\$
<b>Surplus, beginning of year</b>	<b>5,350,843</b>	4,815,547
Net income and comprehensive income for the year	<b>524,480</b>	585,296
	<hr/>	<hr/>
Transfer to technology reserve	<b>—</b>	5,400,843
<b>Surplus, end of year</b>	<b>5,875,323</b>	(50,000)
	<hr/>	<hr/>
	<b>5,875,323</b>	5,350,843

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

**Beaubear Credit Union Ltd.****Statement of cash flows**

Year ended December 31, 2024

	Notes	2024	2023
		\$	\$
<b>Operating activities</b>			
Net income and comprehensive income for the year		<b>524,480</b>	585,296
Adjustments for			
Provision for credit losses		<b>105,781</b>	115,587
Interest income		<b>(3,872,356)</b>	(3,420,402)
Interest expense		<b>1,173,654</b>	997,843
Depreciation	6	<b>127,621</b>	124,620
Current income taxes		<b>306,425</b>	125,376
Deferred tax recovery		<b>(123,100)</b>	—
		<b>(1,757,495)</b>	(1,471,680)
Change in non-cash working capital items			
Change in accounts receivable		<b>63,993</b>	(63,993)
Change in prepaid expenses		<b>34,409</b>	(495,701)
Change in accounts payable and accrued liabilities		<b>(59,599)</b>	109,887
		<b>(1,718,692)</b>	(1,921,487)
Interest received		<b>4,059,210</b>	3,157,111
Interest paid		<b>(1,106,971)</b>	(694,804)
Income taxes paid		<b>(127,224)</b>	(117,613)
		<b>1,106,323</b>	423,207
<b>Investing activities</b>			
Increase in investments		<b>(739,708)</b>	(2,339,626)
Increase in loans receivable		<b>(1,426,496)</b>	(474,390)
Purchase of property and equipment		<b>(20,126)</b>	(36,862)
		<b>(2,186,330)</b>	(2,850,878)
<b>Financing activities</b>			
Member deposits		<b>4,247,645</b>	1,279,864
Repayment of lease liability		<b>(47,342)</b>	(43,484)
Redemption of membership shares		<b>(7,131)</b>	(11,587)
		<b>4,193,172</b>	1,224,793
Increase (decrease) in cash and cash equivalents		<b>3,113,165</b>	(1,202,878)
Cash and cash equivalents, beginning of year		<b>6,993,325</b>	8,196,203
<b>Cash and cash equivalents, end of year</b>		<b>10,106,490</b>	6,993,325

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

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
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**1. Reporting entity**

Beaubear Credit Union Ltd. was incorporated under the Credit Unions Act of New Brunswick (the Credit Unions Act) and its principal activity is providing financial services to its members in Miramichi, NB. For financial reporting and regulatory matters, the Credit Union is under the authority of the Superintendent of Credit Unions, Province of New Brunswick. The Credit Union head office is located at 376 Water St, Miramichi, New Brunswick.

**2. Basis of presentation**

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

These financial statements have been approved and authorized for issue by the Board of Directors on December 15, 2025.

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

*Basis of preparation*

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

*Use of significant accounting judgments, estimates and assumptions*

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

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

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

*(a) Fair value of financial instruments*

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

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
December 31, 2024

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**2. Basis of presentation (continued)**

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

*(b) Allowances for expected credit losses*

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

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

The impairment loss on loans to members is disclosed in more detail in Note 7.

*(c) Economic lives of property and equipment*

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

*(d) Provisions*

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

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
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### 3. Material accounting policy information

#### *Financial instruments*

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

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

#### *Financial assets*

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

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

Specifically:

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

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

Financial instrument	Classification
Cash	Amortized cost
Investments	
Equity investments	FVTPL
Liquidity reserve deposits	Amortized cost
Loans receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Members' deposits	Amortized cost

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

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

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

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
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**3. Material accounting policy information (continued)**

*Financial assets (continued)*

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

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

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

*Debt instruments at amortized cost*

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

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

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

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

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

*Fair value through profit or loss ("FVTPL")*

Financial assets at FVTPL are:

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

These assets are measured at fair value, with any gains/losses arising on remeasurement recognized in profit or loss.

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
December 31, 2024

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**3. Material accounting policy information (continued)**

*Impairment of financial assets*

The Credit Union assesses loss allowances for expected credit losses ("ECLs") on its financial instruments that are not measured at FVTPL. Loss allowances are recognized on loans to members in Note 7.

No impairment loss is recognized on equity investments.

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

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

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

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

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

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

*(i) Credit-impaired financial assets*

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

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

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

*(ii) Definition of default*

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

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

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

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
December 31, 2024

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**3. Material accounting policy information (continued)**

*Impairment of financial assets*

*(ii) Definition of default (continued)*

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

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

*(iii) Significant increase in credit risk*

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

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

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

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

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

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

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

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

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

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
December 31, 2024

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**3. Material accounting policy information (continued)**

*(iv) Measurement of ECL*

The key inputs used for measuring ECL are:

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

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

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

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

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

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

*(v) Write-offs*

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

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
December 31, 2024

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**3. Material accounting policy information (continued)**

*Modification and derecognition of financial assets*

*(i) Presentation of allowance for ECL in the statement of financial position*

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

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

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

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

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

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

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

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

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
December 31, 2024

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**3. Material accounting policy information (continued)**

*Financial liabilities*

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

*Other financial liabilities*

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

*Derecognition of financial liabilities*

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

*Membership shares*

In accordance with IFRIC 2, the Credit Union's membership shares are presented in the statement of financial position as financial liabilities. These liabilities qualify as equity for regulatory purposes, notwithstanding their financial statement classification. Dividends on these shares will be classified as financial expenses in the statement of comprehensive income and retained earnings, if and when declared.

*Leases*

*(i) Right-of-use assets*

The Credit Union recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are depreciated on a straight-line basis over its lease term. Right-of-use assets are subject to evaluation of potential impairment. The Credit Union presents right-of-use assets in property and equipment.

*(ii) Lease liabilities*

At the commencement date of the lease, the Credit Union recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments).

The lease payments also include the exercise price of purchase options, if any, reasonably certain to be exercised by the Credit Union and payments of penalties for terminating a lease, if the lease term reflects the Credit Union exercising the option to terminate. The variable lease payment that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Credit Union uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
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**3. Material accounting policy information (continued)**

*Leases (continued)*

*(iii) Short-term leases on leases of low-value assets*

The Credit Union applies the short-term lease recognition exemption to its short-term leases of properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low - value assets are recognized as expense on a straight-line basis over the lease term.

*Cash and cash equivalents*

Cash and cash equivalents are comprised of cash on hand, cash balances with Atlantic Central, and highly liquid temporary investments which are readily convertible into cash and which are subject to insignificant risk of changes in value. Liquidity reserve deposits held with Atlantic Central are included in investments.

*Property and equipment*

Property and equipment are recorded at cost or deemed cost less accumulated depreciation and any recognized impairment loss. Depreciation is recognized annually on a straight-line basis at rates calculated to recognize the cost less estimated residual value of the assets over their estimated useful lives using the following rates:

Asset	Rate
Buildings	25 years
Office equipment	10 years
ATM	4 years
Safekeeping equipment	20 years
Computer equipment	5 years

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

Amortization methods, useful lives and residual values are reviewed annually and adjusted if necessary.

*Impairment of non-financial assets*

At the end of each reporting period, the Credit Union reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Credit Union estimates the recoverable amount of the asset's useful life.

The recoverable amount is the higher of fair value less costs to sell 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
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**3. Material accounting policy information (continued)**

*Impairment of non-financial assets (continued)*

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

*Provisions*

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

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

*Short-term employee benefits*

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

*Revenue recognition*

*(i) Interest income*

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

*(ii) Investment income*

Investment revenue is recognized as revenue on an accrual basis using the effective interest rate method.

*(iii) Dividends*

Dividends are recognized when the Credit Union's right to receive the payment is established.

*(iv) Service charges*

Service charge revenue is recognized when earned, specifically when the members' accounts are charged.

*(v) Commissions*

Commissions' revenue is recognized when the event creating the commissions takes place.

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
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**3. Material accounting policy information (continued)**

*Income taxes*

The tax expense represents the sum of current income tax payable and deferred income tax.

The income tax currently payable is based on taxable income for the year. Taxable income differs from comprehensive income as reported in the statement of operations because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Credit Union's liability for current income tax is calculated using income tax rates effective at the statement of financial position date.

Deferred income tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statement and the corresponding income tax bases used in the computation of taxable income. Deferred tax is accounted for as an asset or liability on the statement of financial position, detailed in Note 12. Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred income tax is calculated at the tax rates that have been enacted or substantially enacted at the end of the reporting period. Deferred tax is charged or credited to the statement of comprehensive income and retained earnings, except when it relates to items charged or credited directly to equity, in which case the deferred income tax is charged or credited in equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right of offset of current income tax assets and liabilities and when the Credit Union intends to settle its current income tax assets and liabilities on a net basis.

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

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

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

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

*(i) IFRS 18 Presentation and Disclosures in Financial Statements*

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

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
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**3. Material accounting policy information (continued)**

*New and revised IFRS Accounting Standards in issue but not yet effective (continued)*

*(i) IFRS 18 Presentation and Disclosures in Financial Statements (continued)*

IFRS 18 introduces new requirements to:

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

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

**4. Investments**

	<b>2024</b>	<b>2023</b>
	\$	\$
Amortized cost		
Liquidity reserve	<b>6,377,915</b>	6,031,810
Atlantic Central - term deposit	<b>13,752,697</b>	13,500,000
Fair value through profit and loss		
Atlantic Central common shares	<b>641,716</b>	740,310
Atlantic Central LM shares	<b>129,092</b>	129,092
Atlantic Central League Data class B preferred shares	<b>274,350</b>	34,850
Atlantic Central Class NB shares	<b>146,000</b>	146,000
Atlantic Co-op shares	<b>100</b>	100
	<b>21,321,870</b>	20,582,162

The Credit Union holds term deposits with Atlantic Central. The first term deposit of \$2,047,790 matures on February 6, 2025 and bears interest of 4.74%. The second term deposit of \$1,019,999 matures on March 10, 2025 and bears interest 4.74%. The third term deposits of \$1,018,700 matures on March 18, 2025 and bears interest at 4.74%. The fourth term deposit of \$2,654,182 matures on April 28, 2025 and bears interest at 4.75%. The fifth term deposit of \$2,012,027 matures on June 2025 and bears interest at 4.39%. The sixth term deposit of \$5,000,000 matures August 12, 2025 and bears interest of 3.87%.

Other equity investments have no active market as they represent the Credit Union's investment in support organizations that were created to support their delivery of service to its members. The Credit Union is entitled to par value of the interest on redemption and therefore these instruments are considered due on demand and therefore par value approximates fair value. The Credit Union has no intention of redeeming these units.

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
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**4. Investments (continued)**

*Atlantic Central, liquidity reserve deposit*

Subsection 11(1) of the Regulations to the Credit Unions Act requires the Credit Union to maintain 10% of its assets in liquid assets. Subsection 7(2) states that 80% of this (8% of assets) is to be maintained in segregated reserve deposits established by the Central.

Subsection 11(3) requires that the other remaining 20% (2% of assets) be maintained as cash on hand or in deposits redeemable on demand. As of year end, the Credit Union has sufficient liquidity reserve deposit and cash on hand for the above requirements.

*Atlantic Central shares*

As a condition of maintaining membership in the Atlantic Central, the Credit Union is required to maintain an investment in shares of the Atlantic Central. The Atlantic Central is required to maintain 8% of its assets as equity. The Credit Union is required to maintain shares equal to their percentage of the Credit Union system's assets as a whole multiplied by the Atlantic Central's share requirement.

Atlantic Central shares are subject to an annual rebalancing mechanism and are issued and redeemable at par value. As there is no active market for these shares, fair value is equal to redemption value as all available earnings are distributed to shareholders annually.

The Credit Union is not intending to dispose of any Atlantic Central shares as the services supplied by Atlantic Central are relevant to the day-to-day activities of the Credit Union.

**5. Loans receivable**

	<b>2024</b>	<b>2023</b>
	\$	\$
Personal loans		
Mortgages	<b>17,047,899</b>	16,246,559
Other (LOC, term, student, etc.)	<b>4,058,656</b>	4,584,689
Commercial loans		
Mortgages	<b>26,217,930</b>	24,234,071
Business loans	<b>6,184,863</b>	7,030,083
	<b>53,509,348</b>	52,095,402
Allowance for impaired loans (Note 7)	<b>(662,330)</b>	(569,099)
Net loans to members	<b>52,847,018</b>	51,526,303

*Terms and conditions*

Personal loans have fixed or variable rates of interest with a maturity date of up to twenty years depending on the economic life of the security pledged and the relative policy section for each loan type. Student lines of credit have a variable rate of interest with a maturity date of up to ten years. Mortgages have a variable or fixed rate of interest with a maturity date of up to twenty-five years.

The interest rate offered on fixed rate loans being advanced at December 31, 2024 is 2.15% to 15.44% (0.50% to 15.70% in 2023).

Variable rate student loans are based on prime rate formula of prime plus 1.00% to 2.00% (1.00% to 2.00 in 2023). The Credit Union's prime rate at December 31, 2024 was 5.45% (7.20% in 2023).

Residential mortgages are loans secured by residential property and are generally repayable monthly with either blended payments of principal and interest or interest only.

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
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**5. Loans receivable (continued)**

*Terms and conditions (continued)*

Personal loans - other consist of term loans, operating lines of credit and mortgages to individuals, partnerships and corporations, and have various repayment terms. They are secured by various types of collateral, including mortgages on real property, general security agreements, and charges on specific equipment, investments and personal guarantees.

*Concentration risk*

The Credit Union has an exposure to groupings of individual loans which concentrate risk and create exposure to particular segments. A significant portion of member loans are with members located in and around Miramichi, New Brunswick.

## 6. Property and equipment

	Land	Buildings	Office equipment	Leasehold improvements	ATM	Safekeeping equipment	Computer equipment	Total
Cost	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2024	<b>146,115</b>	<b>1,711,998</b>	<b>152,072</b>	<b>2,028</b>	<b>128,445</b>	<b>151,814</b>	<b>170,819</b>	<b>2,463,291</b>
Additions	—	—	—	—	—	—	—	20,126
Disposals	—	—	—	—	—	—	—	—
<b>Balance as at December 31, 2024</b>	<b><u>146,115</u></b>	<b><u>1,711,998</u></b>	<b><u>152,072</u></b>	<b><u>2,028</u></b>	<b><u>128,445</u></b>	<b><u>151,814</u></b>	<b><u>190,945</u></b>	<b><u>2,483,417</u></b>
Accumulated amortization								
Balance as at January 1, 2024	—	924,248	150,371	2,028	128,445	112,983	133,282	1,451,357
Depreciation expense	—	96,604	411	—	—	7,591	23,015	127,621
<b>Balance as at December 31, 2024</b>	<b>—</b>	<b>1,020,852</b>	<b>150,782</b>	<b>2,028</b>	<b>128,445</b>	<b>120,574</b>	<b>156,297</b>	<b>1,578,978</b>
Net book value								
December 31, 2024	<b>146,115</b>	<b>691,146</b>	<b>1,290</b>	<b>—</b>	<b>—</b>	<b>31,240</b>	<b>34,648</b>	<b>904,439</b>
	Land	Buildings	Office equipment	Leasehold improvements	ATM	Safekeeping equipment	Computer equipment	Total
Cost	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2023	146,115	1,711,998	152,072	2,028	128,445	151,814	133,957	2,426,429
Additions	—	—	—	—	—	—	36,862	36,862
Disposals	—	—	—	—	—	—	—	—
<b>Balance as at December 31, 2023</b>	<b><u>146,115</u></b>	<b><u>1,711,998</u></b>	<b><u>152,072</u></b>	<b><u>2,028</u></b>	<b><u>128,445</u></b>	<b><u>151,814</u></b>	<b><u>170,819</u></b>	<b><u>2,463,291</u></b>
Accumulated amortization								
Balance as at January 1, 2023	—	827,642	149,892	2,028	128,445	105,392	113,337	1,326,736
Depreciation expense	—	96,606	479	—	—	7,591	19,945	124,621
<b>Balance as at December 31, 2023</b>	<b>—</b>	<b>924,248</b>	<b>150,371</b>	<b>2,028</b>	<b>128,445</b>	<b>112,983</b>	<b>133,282</b>	<b>1,451,357</b>
Net book value								
December 31, 2023	<b>146,115</b>	<b>787,750</b>	<b>1,701</b>	<b>—</b>	<b>—</b>	<b>38,831</b>	<b>37,537</b>	<b>1,011,934</b>

### Right-of-use asset

At December 31, 2024 the carrying amount of the right-of-use asset was \$472,127 (\$531,143 in 2023), the cost was \$826,222 (\$826,222 in 2023) and the accumulated depreciation was \$354,095 (\$295,079 in 2023).

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
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**7. Allowance for impaired loans**

*Allowance for impaired loans*

	<b>Gross carrying amount</b> \$	<b>Expected credit losses allowance</b> \$	<b>2024 Carrying amount</b> \$	
Personal loans				
Mortgages	<b>17,047,899</b>	<b>(79,954)</b>	<b>16,967,945</b>	
Other (LOC, term, student, etc.)	<b>4,058,656</b>	<b>(109,770)</b>	<b>3,948,886</b>	
Commercial loans				
Mortgages	<b>26,217,930</b>	<b>(334,762)</b>	<b>25,883,168</b>	
Business loans	<b>6,184,863</b>	<b>(137,844)</b>	<b>6,047,019</b>	
	<b>53,509,348</b>	<b>(662,330)</b>	<b>52,847,018</b>	
	<b>Gross carrying amount</b> \$	<b>Expected credit losses allowance</b> \$	<b>2023 Carrying amount</b> \$	
Personal loans				
Mortgages	<b>16,246,559</b>	<b>(78,024)</b>	<b>16,168,535</b>	
Other (LOC, term, student, etc.)	<b>4,584,689</b>	<b>(138,007)</b>	<b>4,446,682</b>	
Commercial loans				
Mortgages	<b>24,234,071</b>	<b>(177,980)</b>	<b>24,056,091</b>	
Business loans	<b>7,030,083</b>	<b>(175,088)</b>	<b>6,854,995</b>	
	<b>52,095,402</b>	<b>(569,099)</b>	<b>51,526,303</b>	
	<b>12 months expected credit losses (Stage 1)</b> \$	<b>Lifetime non-credit impaired (Stage 2)</b> \$	<b>Lifetime credit impaired (Stage 3)</b> \$	<b>2024 Total</b> \$
Beginning balance	<b>454,435</b>	<b>26,965</b>	<b>87,699</b>	<b>569,099</b>
Stage 1	<b>26,965</b>	<b>(26,965)</b>	<b>—</b>	<b>—</b>
Stage 2	<b>(216,689)</b>	<b>216,689</b>	<b>—</b>	<b>—</b>
Stage 3	<b>62,819</b>	<b>—</b>	<b>(62,819)</b>	<b>—</b>
Re-measurement	<b>97,423</b>	<b>350</b>	<b>3,414</b>	<b>101,187</b>
Realized losses	<b>—</b>	<b>—</b>	<b>(16,520)</b>	<b>(16,520)</b>
Recoveries	<b>—</b>	<b>—</b>	<b>3,672</b>	<b>3,672</b>
	<b>424,953</b>	<b>217,039</b>	<b>15,446</b>	<b>657,438</b>

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
December 31, 2024

**7. Allowance for impaired loans (continued)**

*Allowance for impaired loans (continued)*

	12 months expected credit losses (Stage 1)	Lifetime non-credit impaired (Stage 2)	Lifetime credit impaired (Stage 3)	2023 Total
	\$	\$	\$	\$
Beginning balance	347,933	95,258	45,747	488,938
Stage 1	56,658	(56,658)	—	—
Stage 2	(2,933)	2,933	—	—
Stage 3	(82,908)	—	82,908	—
Re-measurement	135,685	(14,568)	(5,800)	115,317
Realized losses	—	—	(39,839)	(39,839)
Recoveries	—	—	4,683	4,683
	<b>454,435</b>	<b>26,965</b>	<b>87,699</b>	<b>569,099</b>

**Allowance for credit losses**

	Gross amount	Stage 1	Stage 2	Stage 3	Net amount
	\$	\$	\$	\$	\$
Personal					
Mortgages	<b>17,047,899</b>	<b>74,782</b>	—	<b>7,164</b>	<b>16,965,953</b>
Other	<b>4,058,656</b>	<b>90,510</b>	<b>4,352</b>	<b>8,282</b>	<b>3,955,512</b>
Commercial					
Mortgages	<b>26,217,930</b>	<b>121,120</b>	<b>212,687</b>	—	<b>25,884,123</b>
Business loans	<b>6,184,863</b>	<b>138,541</b>	—	—	<b>6,046,322</b>
	<b>53,509,348</b>	<b>424,953</b>	<b>217,039</b>	<b>15,446</b>	<b>52,851,910</b>

**Allowance for credit losses**

	Gross amount	Stage 1	Stage 2	Stage 3	2023 Net amount
	\$	\$	\$	\$	\$
Personal					
Mortgages	16,246,559	70,916	7,108	—	16,168,535
Other	4,584,689	113,359	19,857	4,791	4,446,682
Commercial					
Mortgages	24,234,071	114,405	—	63,575	24,056,091
Business loans	7,030,083	155,755	—	19,333	6,854,995
	<b>52,095,402</b>	<b>454,435</b>	<b>26,965</b>	<b>87,699</b>	<b>51,526,303</b>

*Forward-looking information ("FLI")*

The Credit Union incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The estimation and application of FLI requires significant judgment. The Credit Union relies on a broad range of FLIs, such as expected unemployment rates and, interest rates. The economic scenarios used as at December 31, 2024 included the following ranges of New Brunswick, Canada key indicators for the years ending December 31, 2024 and 2023.

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
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**7. Allowance for impaired loans (continued)**

*Forward-looking information ("FLI") (continued)*

	<b>2024</b> %	<b>2023</b> %
Unemployment rates	<b>6.40</b>	6.30
Interest rates	<b>5.45</b>	7.20

**8. Lease liability**

The Credit Union has a lease for Branch #2 at 202 Pleasant Street, Miramichi, New Brunswick. The original lease has a term of ten years, with a renewal option for another 10 years at the end of the lease. Lease payments are fixed for the first 10 years, however in the renewal option, the payments are subject to a CPI increase each year to a maximum 3% per year.

The lease imposes a restriction that, unless approved by the lessor, the property can only be used by the Credit Union. The lease is non-cancellable. The Credit Union is prohibited from selling or pledging the underlying leased asset as security. Further, the Credit Union is required to keep the property in good state, must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease agreement.

The timing of the lease liability payments are as follows:

Current	\$51,417
Non-Current	\$523,506

	<b>2024</b> \$	<b>2023</b> \$
Balance, January 1	<b>622,265</b>	665,749
Payments	<b>(71,070)</b>	(69,000)
Interest	<b>23,728</b>	25,516
	<b>574,923</b>	622,265

*Lease liabilities*

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

	\$
2025	73,202
2026	75,398
2027	77,660
2028	79,989
2029	82,389

**Beaubear Credit Union Ltd.**  
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**9. Technology reserve**

	<b>2024</b> \$	<b>2023</b> \$
Beginning balance	<b>100,000</b>	50,000
Transfer to reserve	—	50,000
Ending balance	<b>100,000</b>	100,000

In the current year, there was no transfer of retained earnings to the technology reserve (\$50,000 transferred in 2023). The technology reserve is to be used to fund system changes and initiatives and utilization of the reserve will require the approval of the Board of Directors.

**10. Cash and cash equivalents**

Cash and cash equivalents include cash on hand and current accounts held with Atlantic Central. The Credit Union maintains an authorized line of credit, which was not utilized at year end, with Atlantic Central in the amount of \$2,036,000 (\$1,992,000 in 2023) with an interest rate of 5.45% (7.2% in 2023). The line is secured by investments with Atlantic Central and a general assignment of book debts.

**11. Member deposits**

	<b>2024</b> \$	<b>2023</b> \$
Chequing	<b>30,249,561</b>	28,072,229
Demand	<b>21,093,275</b>	20,763,849
Term	<b>14,146,254</b>	13,396,633
Tax free savings accounts	<b>7,839,982</b>	6,719,282
Registered retirement savings plans	<b>2,572,618</b>	2,663,930
Registered retirement investment funds	<b>2,211,917</b>	2,250,038
	<b>78,113,607</b>	73,865,961

*Terms and conditions*

Commercial chequing deposits are due on demand and bear interest at a variable rate up to 0.45% at December 31, 2024 (0.45% in 2023) depending on the balance in the account.

Demand deposits are due on demand and bear interest at a variable rate up to 0.50% at December 31, 2024 (0.50% in 2023) depending on the balance in the account. Interest is calculated daily and paid on the accounts monthly.

Term deposits bear fixed rates of interest for terms of up to five years. Interest can be paid annually, semi-annually, monthly or upon maturity. The interest rates offered on term deposits issued on December 31, 2024 range from 0.00% to 5.55% (0.00% to 5.55% in 2023).

The tax-free savings accounts can be fixed or variable rate with terms and conditions similar to those of the RRSPs described above.

The registered retirement savings plans (RRSP) accounts can be fixed or variable rate. The fixed rate RRSPs have terms and rates similar to the term deposit accounts described above. The variable rate RRSPs bear interest at rates up to 0.25% at December 31, 2024 (0.25% in 2023).

Registered retirement income funds (RRIFs) consist of both fixed and variable rate products with terms and conditions similar to those of the RRSPs described above. Members may make withdrawals from an RRIF account on a monthly, semi-annual, or annual basis. The regular withdrawal amounts vary according to individual needs and statutory requirements.

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
December 31, 2024

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**11. Member deposits (continued)**

*Terms and conditions (continued)*

Included in chequing deposits are amounts of \$92,351 (\$111,038 in 2023) denominated in US dollars. Included in savings deposits are amounts of \$2,872 (\$2,913 in 2023) denominated in US dollars.

*Concentration of risk*

The Credit Union has an exposure to groupings of individual deposits which concentrate risk and create exposure to particular segments. No individual or related groups of member deposits exceed 10% of member deposits. Substantially all member deposits are with members located in and around Miramichi, New Brunswick.

**12. Income taxes**

The provision for income taxes reported for the year ended December 31, 2024 differs from the amount computed by applying the Canadian statutory rate to earnings before income taxes.

	<b>2024</b>	2023
	\$	\$
Income before income taxes	<b>707,805</b>	710,672
Combined Canadian basic federal and provincial statutory income tax rate	<b>22.56%</b>	17.08%
	<b>159,670</b>	121,383
Effect of permanent differences	<b>216</b>	92
Effect of change in tax rates	<b>23,830</b>	—
Other	<b>(391)</b>	3,901
	<b>183,325</b>	125,376

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

	<b>2024</b>	2023
	\$	\$
Deferred income tax assets		
Property and equipment	<b>(47,800)</b>	19,500
Investments	<b>(25,300)</b>	—
Loans receivable	<b>112,500</b>	—
Accrued liabilities	<b>3,800</b>	—
Lease liability	<b>99,700</b>	—
	<b>142,900</b>	19,500

**13. Member shares**

	<b>2024</b>	2023
	\$	\$
Membership shares	<b>164,795</b>	171,926

**Beaubear Credit Union Ltd.**  
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Membership shares are a requirement for membership in the Credit Union and are redeemable on withdrawal from membership. Pursuant to the Credit Unions' by-laws, the value of each membership share is \$5. The authorized share capital is not covered by Credit Union deposit insurance and the shares have various restrictions on withdrawal. The number of membership shares issued and outstanding at December 31, 2024 is 32,959 (34,385 in 2023).

**14. Atlantic Central transaction and credit union central New Brunswick wind up**

The Credit Union received \$178,000 as a gain on sale of shares on September 30, 2011, as a result of rebalancing of cash and shares from Credit Union Central New Brunswick into the new Atlantic Central. This income, which is included in a special reserve, is not to be distributed in any form and is frozen for an indefinite period subject to the Risk Management Agency's review at that time.

**15. Related party transactions**

The Credit Union's related parties include key management, as those persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union, including directors and management. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The Credit Union entered into the following transactions with management and personnel, which are defined by IAS 24 - Related Party Disclosures.

	<b>2024</b>	<b>2023</b>
	\$	\$
Board expenses (including annual meeting)	2,924	3,998
Aggregate value of loans advanced	1,162,098	887,373
Aggregate value of lines of credit advanced	5,366	7,263

The Credit Union's policy for lending to management and personnel is that all such loans and leases were granted in accordance with normal lending terms. None of these loans were included in stage 2 or stage 3 when determining ECL.

The Credit Union's policy for receiving deposits from management and personnel is that all transactions are approved and deposits accepted in accordance with the same conditions which apply to members for each type of deposit.

In accordance with the bonus provision in the collective agreement between the Credit Union and its employees, an amount of \$19,845 (\$20,382 in 2023) was accrued at year end to be distributed equally to all staff and management.

**Beaubear Credit Union Ltd.**  
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## 16. Capital management

The Credit Union requires capital to fund existing and future operations and to meet regulatory capital requirements.

Decisions relating to strategic objectives that impact the risk weighting of the Credit Union's assets are analyzed by management to determine their effect on the Credit Union's capital adequacy ratio.

*New Brunswick Credit Union Legislation*

*Regulatory capital*

The *New Brunswick Credit Union Legislation* requires that each credit union maintain a minimum level of equity in the credit union to provide protection against potential financial losses. The requirement calls for equity to meet or exceed 5% of total assets. The following represents the equity level for the Credit Union at December 31.

	2024 %	2023 %
Membership shares	0.19	0.21
Retained earnings/special reserve	7.22	6.77
	<b>7.41</b>	<b>6.98</b>

In accordance with IFRS Accounting Standards, the Credit Union's membership shares are presented in the statement of financial position as financial liabilities. These liabilities qualify as equity for regulatory purposes, notwithstanding their financial statement classification.

## 17. Risk management

The types of risk inherent in the Credit Union environment include credit, liquidity and interest rate risk.

*(a) Credit risk*

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

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

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

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

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

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

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**17. Risk management**

*(b) Liquidity risk*

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

To mitigate this risk, the Credit Union is required under the Credit Unions Act to maintain, at all times, liquid assets that are adequate in relation to the business carried on. The level of liquidity is based on a prescribed percentage of total liabilities. At December 31, 2024, the prescribed liquidity requirement was 10% of total liabilities of which 8% is to be in liquid deposits with Atlantic Central. The actual liquidity was 21% of total liabilities, and 8% was in liquidity deposits with Atlantic Central.

The Credit Union has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. All accounts payable and accrued interest payable is current as at year-end.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

*(c) Interest rate risk*

Interest rate risk refers to the potential impact on the Credit Union's earnings and net asset values due to changes in interest rates. Interest rate risk results primarily from differences in the maturity or repricing dates of assets and liabilities. The Credit Union manages the impact of interest rate changes with self-imposed limits, thus minimizing fluctuations of income during periods of changing interest rates. The Credit Union's major source of income is the financial margin between income earned on investments and loans to members, and interest paid to members on their deposits and interest on temporary borrowings.

The Credit Union is exposed to interest rate risk as a consequence of the mismatch between the assets and liabilities. 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.

The following schedule shows the Credit Union's sensitivity to interest rate changes. Amounts with floating rates or due or payable on demand are classified as maturing within six months, regardless of maturity. A significant amount of loans and deposits can be settled before maturity on payment of a penalty, but no adjustment has been made for repayments that may occur prior to maturity. Amounts that are not interest sensitive have been grouped together, regardless of maturity.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

	<b>Assets</b> \$	<b>Liabilities and members' equity</b> \$	<b>2024 Net asset/liability mismatch</b> \$
0-6 months	<b>40,936,023</b>	<b>35,883,511</b>	<b>5,052,512</b>
6-12 months	<b>18,687,511</b>	<b>8,928,617</b>	<b>9,758,894</b>
1-2 years	<b>10,020,958</b>	<b>900,508</b>	<b>9,120,450</b>
2-3 years	<b>10,173,710</b>	<b>1,723,073</b>	<b>8,450,637</b>
3-5 years	<b>7,102,832</b>	<b>2,945,338</b>	<b>4,157,494</b>
Non interest sensitive	<b>(150,819)</b>	<b>36,389,168</b>	<b>(36,539,987)</b>
	<b>86,770,215</b>	<b>86,770,215</b>	<b>—</b>

**Beaubear Credit Union Ltd.**  
**Notes to the financial statements**  
December 31, 2024

**17. Risk management**

*(c) Interest rate risk (continued)*

	Assets \$	Liabilities and members' equity \$	2023 Net asset/liability mismatch \$
0-6 months	23,352,864	34,349,327	(10,996,463)
6-12 months	22,210,218	7,969,097	14,241,121
1-2 years	13,037,838	2,171,386	10,866,452
2-3 years	4,431,780	471,118	3,960,662
3-5 years	12,066,278	3,354,084	8,712,194
Non interest sensitive	6,512,930	33,296,896	(26,783,966)
	<u>81,611,908</u>	<u>81,611,908</u>	<u>—</u>

*(d) Fair value of financial instruments*

The estimated fair values of the Credit Union's financial instruments disclosed do not reflect the value of items that are not considered financial instruments, such as capital assets. Since many of the Credit Union's financial instruments lack an available trading market, the fair values represent estimates of the current market value of instruments, taking into account changes in market rates that have occurred since their origination. Due to the estimation process and the need to use judgement, the aggregate fair value amounts should not be interpreted as being necessarily realizable in an immediate settlement of the instruments. The carrying value of the Credit Union's financial instruments are not adjusted to reflect changes in interest rates, as it is the Credit Union's intention to hold the instruments to maturity.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

**18. Commitment**

One of the Credit Union's two branches operates from a leased premises. The lease expires December 31, 2032. The minimum annual rent is \$63,654 plus HST with an annual increase of CPI not greater than 3% per year.



Water Street Branch  
376 Water St  
PO Box 764  
Miramichi, NB E1V 3V4

506-622-4532 (T)  
506-622-5008 (F)

Pleasant Street Branch  
202 Pleasant St  
PO Box 764  
Miramichi, NB E1V 3V4

506-622-7709 (T)  
506-622-5832 (F)

[beaubear.ca](http://beaubear.ca)