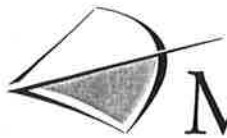


FINANCIAL STATEMENTS

iNova Credit Union Limited
December 31, 2018

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MILES · T · SWEENEY LIMITED

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Directors of
iNova Credit Union Limited

Opinion

We have audited the financial statements of iNova Credit Union Limited, which comprise the statement of financial position as at December 31, 2018, and the statements of income and retained earnings, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of iNova Credit Union Limited as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of iNova Credit Union Limited 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

These financial statements have been reissued and include an updated Auditor's Report, to comply with the reporting requirements of Canadian Auditing Standard 700, which became effective December 15, 2018. The previously issued financial statements included an out-dated Auditor's Report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

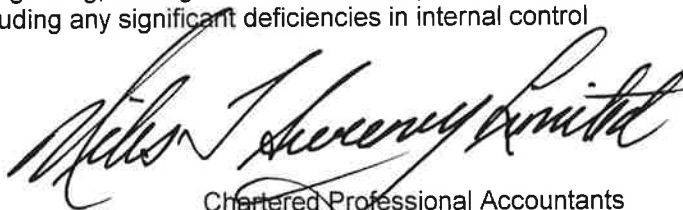
Auditor's Responsibilities for the Audit of the Financial Statements

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 generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Dartmouth, Nova Scotia
February 25, 2019

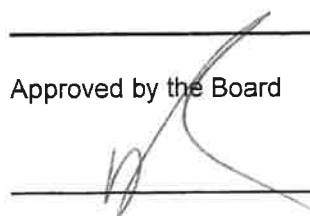


Chartered Professional Accountants
Licensed Public Accountants

iNova Credit Union Limited
STATEMENT OF FINANCIAL POSITION
 December 31

	2018	2017
Assets		
Cash resources (Note 5)	\$ 5,265,622	\$ 6,269,630
Accrued receivables (Note 7)	22,321	82,170
Income taxes receivable	3,939	23,956
Prepaid expenses	26,346	15,827
Members' loans (Note 6)	28,620,018	26,558,764
Long-term investments (Note 8)	747,101	719,711
Capital assets (Note 9)	362,951	401,033
Deferred income taxes (Note 12)	-	2,139
	<u>\$ 35,048,298</u>	<u>\$ 34,073,230</u>
Liabilities		
Payables and accruals	\$ 117,435	\$ 59,306
Patronage rebate payable	66,384	60,000
Members' deposits (Note 10)	30,379,891	29,801,443
Deposit interest payable	89,649	81,926
Deferred income taxes (Note 12)	16,882	-
	<u>30,670,241</u>	<u>30,002,675</u>
Commitments (Note 14)		
Members' equity		
Members' shares (Note 11)	49,142	7,910
Retained earnings	4,328,915	4,062,645
	<u>4,378,057</u>	<u>4,070,555</u>
	<u>\$ 35,048,298</u>	<u>\$ 34,073,230</u>

Approved by the Board



Director



Director

(See accompanying notes to the financial statements)

iNova Credit Union Limited

STATEMENTS OF INCOME AND RETAINED EARNINGS

Year ended December 31	2018	% of Income	2017	% of Income
Income				
Loan interest	\$ 1,289,426	73.8	\$ 1,174,918	70.9
Investment income	<u>92,297</u>	<u>5.3</u>	<u>84,697</u>	<u>5.1</u>
	<u>1,381,723</u>	<u>79.1</u>	<u>1,259,615</u>	<u>76.0</u>
Interest expenses				
Distributions to members:				
Interest on deposits	<u>229,024</u>	<u>13.1</u>	<u>225,984</u>	<u>13.6</u>
	<u>1,152,699</u>	<u>66.0</u>	<u>1,033,631</u>	<u>62.4</u>
Financial margin				
Other income				
Discretionary rebate income	3,565	0.2	25,303	1.5
Revenue from contracts (Note 19)	330,833	18.9	323,740	19.5
Other	<u>31,219</u>	<u>1.8</u>	<u>49,202</u>	<u>3.0</u>
	<u>365,617</u>	<u>20.9</u>	<u>398,245</u>	<u>24.0</u>
Income before operating expenses	<u>1,518,316</u>	<u>86.9</u>	<u>1,431,876</u>	<u>86.4</u>
Operating expenses				
Administrative (see schedule)	270,331	15.4	243,672	15.0
Amortization of capital assets	39,734	2.3	45,409	2.7
Central service charges	115,049	6.6	122,146	7.4
Occupancy (see schedule)	152,379	8.7	161,129	9.7
Salaries, benefits, contracted services	580,746	33.2	544,728	32.9
Deposit insurance	24,461	1.4	23,022	1.4
Loan impairment losses (recovery)	<u>(981)</u>	<u>(0.1)</u>	<u>(25,000)</u>	<u>(1.5)</u>
Total operating expenses	<u>1,181,719</u>	<u>67.5</u>	<u>1,115,106</u>	<u>67.6</u>
Income before patronage rebate	<u>336,597</u>	<u>19.4</u>	<u>316,770</u>	<u>18.8</u>
Patronage rebate	<u>60,000</u>	<u>3.4</u>	<u>60,000</u>	<u>3.6</u>
Income before provision for income taxes	<u>276,597</u>	<u>16.0</u>	<u>256,770</u>	<u>15.2</u>
Provision for income taxes (Note 12)				
Current	20,294	1.2	26,434	1.6
Future (recovery)	<u>19,021</u>	<u>1.1</u>	<u>(5,607)</u>	<u>(0.3)</u>
	<u>39,315</u>	<u>2.3</u>	<u>20,827</u>	<u>1.3</u>
Net income	<u>237,282</u>	<u>13.7</u>	<u>235,943</u>	<u>13.9</u>
Retained earnings, beginning	\$ 4,062,645		\$ 3,826,702	
Net income	237,282		235,943	
Change in accounting policy (Note 18)	<u>28,988</u>		<u>-</u>	
Retained earnings, ending	<u>\$ 4,328,915</u>		<u>\$ 4,062,645</u>	

(See accompanying notes to the financial statements)

iNova Credit Union Limited
STATEMENT OF CASH FLOWS

Year ended December 31

2018

2017

Cash generated from (used in) operating activities

Loan interest received	\$ 1,287,137	\$ 1,164,299
Investment income received	97,029	85,745
Other income received	31,219	49,201
Rebates received	3,565	25,303
Revenue from contracts received	330,833	323,740
Increase (decrease) in members' deposits	578,448	2,207,130
Bad loans recovered	2,612	7,309
Interest paid on members' deposits	(221,301)	(221,371)
(Increase) decrease in members' loans	(1,976,492)	(2,747,608)
Patronage rebate paid	(53,616)	-
Payments to suppliers	(514,608)	(583,932)
Payments to employees	(580,746)	(544,728)
Income taxes paid	(277)	(83,883)
	<u>(1,016,197)</u>	<u>(318,795)</u>

Cash generated from (used in) investing activities

Purchase of investments	(27,390)	(12,390)
Purchase of capital assets	(1,653)	(2,277)
	<u>(29,043)</u>	<u>(14,667)</u>

Cash generated from (used in) financing activities

Proceeds from issue of shares (net of redemptions)	<u>41,232</u>	<u>35</u>
	<u>41,232</u>	<u>35</u>

Net increase (decrease) in cash flows

(1,004,008) (333,427)

Cash and cash equivalents, beginning of year

6,269,630 6,603,057

Cash and cash equivalents, end of year (Note 5)

\$ 5,265,622 \$ 6,269,630

(See accompanying notes to the financial statements)

iNova Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

1. REPORTING ENTITY

iNova Credit Union Limited (the "Credit Union") is incorporated under the Nova Scotia Companies Act. The operation of the Credit Union is subject to the Nova Scotia Credit Union Act. Products and services offered to its members include loans, mortgages, chequing and savings accounts, MasterCards, RRSP's, term deposits, online and telephone banking and financial planning. The Credit Union is located at 6150 Almon Street, Halifax, Nova Scotia.

On February 25, 2019, the Credit Union's Board of Directors approved and authorized for issue the financial statements for the year ended December 31, 2018.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Statement of compliance

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

Basis of measurement

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

Functional currency

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

Critical accounting estimates and judgments

The Credit Union makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Credit Union has no critical accounting judgments. The following are the estimates and judgments applied by management that most significantly affect the Credit Union's financial statements.

- Impairment losses on members loans

The Credit Union reviews the loans in its loan portfolio to assess impairment regularly. In determining whether an impairment loss should be recorded in the statement of income the Credit Union makes judgments as to whether there is any observable data indicating an impairment trigger followed by a measurable decrease in the estimated future cash flows from a loan. This evidence may include observable data indicating that there has been an adverse change in the payment status of a member, or local economic conditions that correlate with defaults on assets held by the Credit Union. From January 1, 2018 the Credit Union assesses on a forward looking basis the expected credit losses associated with its member loans.

iNova Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

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

- Fair value of available-for-sale securities

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Members' loans and foreclosed property

Members' loans result from the delivery of cash or other assets by the Credit Union (lender) to a member (borrower) in return for a promise to repay on a specific date or dates, or on demand, usually with interest. Loans are accounted for at amortized cost plus accrued interest, less allowances for impairment for probable losses on ultimate realization of the loan portfolio. Loans considered uncollectible are written off.

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

Allowance for impaired loans

The Credit Union applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all members' loans.

To measure the expected credit losses the loans have been grouped based on shared credit risk characteristics and the days past due. Impairment of a loan is determined when there is objective evidence that a loss event is likely to occur. Such as when there has been a deterioration in credit quality to the extent that the Credit Union no longer has reasonable assurance of timely collection of the full amount of the principal and interest.

Loss rates are applied to members' loans pooled into groups with similar risk characteristics that are expected to behave in similar fashions to identified loss events. The expected loss rates are based on historical loss rates adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the members' to settle the loans. The Credit Union has identified unemployment rates, prime rate, and inflation to be the most relevant factors, and accordingly adjusted the historical loss rates based on expected changes in these factors.

Bad debts are written off from time to time when there is no reasonable expectation of recovery as determined by management. If a provision for bad debts on the loan has been previously recognized the bad debt is written off against the provision, if no provision was recognized the write off is recognized in net income.

iNova Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Interest on loans and advances is recognized on an accrual basis using the effective interest rate method.

Contracts with members have performance obligations as set out in the contract. Revenue is recognized when the performance obligations have been met and collection is reasonably assured.

Financial assets and financial liabilities (financial instruments)

The Credit Union classifies its financial assets and financial liabilities according to their characteristics and management's intentions related thereto for the purpose of ongoing measurements. Financial assets and financial liabilities are initially recognized at fair value regardless of classification choice and are subsequently accounted for based on classifications described below.

Financial assets are classified as either fair value through profit or loss, available-for-sale, held-to-maturity or loans and receivables. Financial liabilities are classified as either fair value through profit or loss or other financial liability. All financial instruments, including any derivatives, are subsequently measured on the statement of financial position at fair value except for loans and receivables, held-to-maturity financial assets and other financial liabilities which are measured at amortized cost.

Changes in fair values of financial assets and financial liabilities classified as fair value through profit or loss are recognized in net income, while changes in fair values of available-for-sale financial assets are recognized in other comprehensive income until the financial asset is disposed of or becomes impaired, at which time the cumulative gain or loss is transferred to net income.

Accumulated other comprehensive income is reported on the statement of financial position as a separate component of members' equity (net of tax), and includes any unrealized gains or losses on available-for-sale financial assets. The Credit Union has classified its equity investments as available-for-sale. However the Credit Union has not recorded any comprehensive income related to these investments because there is no active market for them.

The Credit Union has classified its financial instruments as follows:

<u>FINANCIAL ASSET/LIABILITY</u>	<u>CLASSIFICATION</u>	<u>SUBSEQUENT MEASUREMENT</u>
Cash on hand	Fair value through profit or loss	Fair value
Deposits with Atlantic Central	Loans and receivables	Amortized cost
Long term investments		
Shares	Available-for-sale	Fair value
Debentures	Held-to-maturity	Amortized cost
Members' loans (inc. accrued interest) and rebates receivable	Loans and receivables	Amortized cost
Members' deposits (inc. accrued interest), borrowings and payables	Other financial liability	Amortized cost

Transaction costs other than those related to financial instruments classified as fair value through profit or loss, which are expensed as incurred, are added to the fair value of the financial asset or liability on initial recognition and amortized using the effective interest rate.

iNova Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Effective interest method

The Credit Union uses the effective interest method to recognize investment income or expense which includes premiums or discounts earned on financial instruments.

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating investment income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (other than premiums or discounts) through the expected life of the financial instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Capital assets

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

Leasehold improvements	straight-line	term of lease plus two renewal terms
Furniture & equipment	declining balance	20%
Computer equipment	declining balance	33%
Vaults	declining balance	10%
Sign	declining balance	20%

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

Income taxes

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

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

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

iNova Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade payables

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

Cash flow statement

The cash flow statement is prepared using the direct method.

Shares

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

Dividends to members

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

Foreign currency translation

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

Employee future benefit plans

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

Accounting policies applied until December 31, 2017

The Credit Union has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Credit Union's previous accounting policy.

New and amended standards adopted by the Credit Union

The Credit Union has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The Credit Union had to change its accounting policies and make certain retrospective adjustments following the adoption of IFRS 9 and IFRS 15. This is disclosed in Note 18.

iNova Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and revised IFRSs issued but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2018 reporting periods and have not been early adopted by the Credit Union.

IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16 - Leases which provides for a single model for classification of leases. Under the new model an asset and liability will be recorded for the majority of leases that are currently classified as operating leases. Exemptions are provided for short-term and low value leases. The asset will be amortized over the shorter of its useful life or lease term. The obligation will be measured using amortized cost. The standard is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain situations. The Credit Union is evaluating the impact of the standard on its financial statements.

4. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

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

iNova Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

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

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

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

The Credit Union uses the expected loss model to record an allowance against members' loans. The allowance is broken into three stages. Stage 1 contains all loans that are not delinquent and do not have any known additional risk. Stage 2 contains all loans delinquent between 60 and 90 days, and any loan that has been assessed to have additional risk. Stage 3 contains all loans delinquent over 90 days, bankruptcy, and foreclosure. Each stage is broken down into pools of members' loans that have similar risk characteristics. The probability of default, risk adjustment and loss given default are used to determine the expected credit loss for each pool of members' loans.

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

Previous accounting policy for impaired member loans

In the prior year, the Credit Union used the incurred loss model where both specific and collective allowances for credit losses were recorded. Specific allowances are established on an account by account basis using management's knowledge of the account and prevailing conditions. In addition, accounts delinquent greater than ninety days are included in the specific allowance. Collective allowances are maintained to cover any impairment in the loan portfolio that cannot yet be associated with specific loans and includes factors such as market conditions, concentration of credit risk for member accounts as well the state of the economy.

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

	2018	2017
Cash resources	\$ 5,265,622	\$ 6,269,630
Members' loans	<u>28,620,018</u>	<u>26,558,764</u>
	<u>\$ 33,885,640</u>	<u>\$ 32,828,394</u>

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Credit Union is exposed to this risk through traditional banking activities, such as deposit taking and lending. The Credit Union's goal is to manage the interest rate risk of the statement of financial position to a target level. The Credit Union continually monitors the effectiveness of its interest rate mitigation activities.

iNova Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

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

Interest rate sensitivity

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

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

Expected Repricing or Maturity Date	Weighted Average Interest Rate		Assets (000's)	Liabilities (000's)	Net Asset Liability Mismatch (000's)
	Assets	Liabilities			
0 to 3 months	16.51	40.67	\$ 10,907	\$ 16,977	\$ (6,070)
4 to 6 months	3.67	1.58	1,897	1,196	701
7 to 9 months	3.48	1.80	2,632	1,799	833
10 to 12 months	3.22	2.21	1,426	1,548	(122)
1 to 2 years	4.06	1.93	3,721	2,167	1,554
2 to 3 years	3.81	1.96	2,995	763	2,232
3 to 4 years	3.57	1.93	5,006	314	4,692
4 to 5 years	4.19	2.31	5,599	456	5,143
Over 5 years	8.99	n/a	11	-	11
Not interest sensitive	n/a	n/a	854	9,828	(8,974)
			<u>\$ 35,048</u>	<u>\$ 35,048</u>	<u>\$ -</u>

Interest sensitive assets and liabilities cannot normally be perfectly matched by amount and term to maturity. One of the roles of a credit union is to intermediate between the expectations of borrowers and depositors. As a matter of policy, the Credit Union will limit the short term exposure to a maximum of a negative .2% of the Credit Union's assets, based on a 1% fluctuation in interest rates.

Foreign exchange risk

The Credit Union's foreign exchange risk is related to United States dollar deposits and cash on hand denominated in United States dollars. At year end, the Credit Union's holdings in foreign currency were 0.90% (2017 - 0.72%) of the total members' deposits portfolio.

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

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

iNova Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

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

Liquidity risk

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

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

The Credit Union is required to maintain 10% of members deposits in liquid investments of which 90% must be held with Atlantic Central Credit Union. The Credit Union was in compliance with this requirement at December 31, 2018.

The Credit Union manages liquidity risk by:

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

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

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

	2018	2017
Required liquidity	\$ 3,037,989	\$ 2,980,144
Liquid assets	<u>(5,664,452)</u>	<u>(6,640,670)</u>
Excess liquidity	<u>\$ (2,626,463)</u>	<u>\$ (3,660,526)</u>
Liquid assets comprise:		
Cash held at Atlantic Central	\$ 464,235	\$ 561,261
Liquidity and short-term deposits held at Atlantic Central	4,801,387	5,708,369
Shares held at Atlantic Central	<u>398,830</u>	<u>371,040</u>
	<u>\$ 5,664,452</u>	<u>\$ 6,640,670</u>

iNova Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

5. CASH RESOURCES

	2018	2017
Cash on hand and in current account	\$ 464,235	\$ 561,261
Atlantic Central Deposits (Market value = cost)	<u>4,801,387</u>	<u>5,708,369</u>
	<u>\$ 5,265,622</u>	<u>\$ 6,269,630</u>

6. MEMBERS' LOANS

Loans by purpose

	2018	2017
Consumer loans	\$ 8,421,382	\$ 8,209,267
Consumer lines of credit	3,383,350	3,892,233
Consumer mortgages	10,521,056	9,234,769
Commercial loans	3,927,162	3,521,761
Commercial lines of credit	1,163,795	911,795
Commercial mortgages	750,631	956,197
Commercial loans - participation	544,164	-
Overdrafts	<u>17,521</u>	<u>33,338</u>
	<u>28,729,061</u>	<u>26,759,360</u>
Accrued interest	<u>42,804</u>	<u>40,515</u>
	<u>28,771,865</u>	<u>26,799,875</u>
Less : Allowance for impaired loans	<u>151,847</u>	<u>241,111</u>
Net loans	<u>\$ 28,620,018</u>	<u>\$ 26,558,764</u>

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

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

	2018	2017
Maturity analysis:		
Scheduled for repayment:		
Overdrafts and line of credit facilities	\$ 4,564,730	\$ 4,837,366
Within one year	4,543,500	3,464,600
One to three years	6,465,700	5,737,900
Over three years	<u>13,155,131</u>	<u>12,719,494</u>
	<u>\$ 28,729,061</u>	<u>\$ 26,759,360</u>

iNova Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

6. MEMBERS' LOANS (continued)

Allowance for impaired loans

Balance at December 31, 2018	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount of members' loans	\$ 27,549,869	\$ 933,541	\$ 245,651	\$ 28,729,061
Loss allowance	\$ 26,693	\$ 52,990	\$ 72,164	\$ 151,847
Balance at January 1, 2018	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount of members' loans	\$ 25,720,615	\$ 717,500	\$ 321,244	\$ 26,759,359
Loss allowance	\$ 37,466	\$ 60,057	\$ 114,600	\$ 212,123
		Specific	Collective	Total
Balance at January 1, 2017		\$ 128,816	\$ 174,075	\$ 302,891
Increase (decrease) in provision		19,006	(44,006)	(25,000)
Loans written off during the year		(44,089)	-	(44,089)
Loans recovered during the year		7,309	-	7,309
Balance at December 31, 2017		<u>\$ 111,042</u>	<u>\$ 130,069</u>	<u>\$ 241,111</u>

The closing loss allowance for members' loans as at December 31, 2018 reconciles to the opening loss allowances as follows:

	2018	2017
Balance at December 31 - calculated under IAS 39	\$ 241,111	\$ 302,891
Amounts restated through opening retained earnings	(28,988)	-
Opening loss allowance as at January 1, 2018 - calculated under IFRS 9	212,123	302,891
Increase (decrease) in provision	(981)	(25,000)
Loans written off during the year	(61,907)	(44,089)
Loans recovered during the year	2,612	7,309
Balance at December 31	<u>\$ 151,847</u>	<u>\$ 241,111</u>

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

	2018	2017
31 to 60 days	\$ 33,297	\$ -
61 to 90 days	10,070	12,823
91 to 180 days	2,520	182,081
Over 180 days	<u>23,730</u>	<u>82,304</u>
	<u>\$ 69,617</u>	<u>\$ 277,208</u>

7. ACCRUED RECEIVABLES

	2018	2017
Accrued receivables	\$ 11,309	\$ 131,909
Interest receivable	11,012	15,744
Allowance for doubtful accounts	-	(65,483)
	<u>\$ 22,321</u>	<u>\$ 82,170</u>

iNova Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

8. LONG-TERM INVESTMENTS

	2018	2017
Shares in unlisted entities (at cost):		
Atlantic Central common shares	\$ 315,830	\$ 288,040
Atlantic Central provincial shares	83,000	83,000
League Savings and Mortgage Limited	336,201	336,201
League Data Limited - class B preference shares	11,970	11,970
Nova Scotia Co-operative Council	<u>100</u>	<u>500</u>
	<u>\$ 747,101</u>	<u>\$ 719,711</u>

The investments do not have a quoted market price in an active market. The Credit Union has determined that the fair value of these investments cannot be measured accurately and therefore measures these investments at cost.

9. CAPITAL ASSETS

Cost	<u>Leasehold Improvements</u>	<u>Computer Equipment</u>	<u>Furniture & Fixtures</u>	<u>Sign</u>	<u>Vault</u>	<u>Total</u>
Balance at January 1, 2017	\$ 404,423	\$ 30,896	\$ 189,080	\$ 26,450	\$ 48,372	\$ 699,221
Additions	-	-	2,277	-	-	2,277
Disposals	-	-	-	-	-	-
Balance on December 31, 2017	<u>404,423</u>	<u>30,896</u>	<u>191,357</u>	<u>26,450</u>	<u>48,372</u>	<u>701,498</u>
Additions	-	1,653	-	-	-	1,653
Disposals	-	-	-	-	-	-
Balance on December 31, 2018	<u>\$ 404,423</u>	<u>\$ 32,549</u>	<u>\$ 191,357</u>	<u>\$ 26,450</u>	<u>\$ 48,372</u>	<u>\$ 703,151</u>
Accumulated depreciation						
Balance at January 1, 2017	\$ 88,950	\$ 19,277	\$ 111,908	\$ 16,699	\$ 18,222	\$ 255,056
Depreciation expense	20,918	3,864	15,662	1,950	3,015	45,409
Disposals	-	-	-	-	-	-
Balance on December 31, 2017	<u>109,868</u>	<u>23,141</u>	<u>127,570</u>	<u>18,649</u>	<u>21,237</u>	<u>300,465</u>
Depreciation expense	19,788	2,829	12,844	1,560	2,714	39,735
Disposals	-	-	-	-	-	-
Balance on December 31, 2018	<u>\$ 129,656</u>	<u>\$ 25,970</u>	<u>\$ 140,414</u>	<u>\$ 20,209</u>	<u>\$ 23,951</u>	<u>\$ 340,200</u>
Net book value						
December 31, 2017	<u>\$ 294,555</u>	<u>\$ 7,755</u>	<u>\$ 63,787</u>	<u>\$ 7,801</u>	<u>\$ 27,135</u>	<u>\$ 401,033</u>
December 31, 2018	<u>\$ 274,767</u>	<u>\$ 6,579</u>	<u>\$ 50,943</u>	<u>\$ 6,241</u>	<u>\$ 24,421</u>	<u>\$ 362,951</u>

iNova Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

10. MEMBERS' DEPOSITS

	2018	2017
Chequing	\$ 10,496,818	\$ 9,858,007
Demand, no penalty on withdrawal	9,187,605	9,611,749
RRSP and RRIF	5,587,967	5,514,853
Term deposits	<u>5,107,501</u>	<u>4,816,834</u>
	<u>\$ 30,379,891</u>	<u>\$ 29,801,443</u>
Maturity analysis:		
At call	\$ 20,666,591	\$ 20,505,520
Not longer than 3 months	6,013,500	5,419,800
Longer than 3 months and not longer than 12 months	2,930,100	3,335,400
Longer than 1 year and not longer than 5 years	<u>769,700</u>	<u>540,723</u>
	<u>\$ 30,379,891</u>	<u>\$ 29,801,443</u>

11. MEMBERS' SHARES

Each member must hold 1 common share with a par value of \$5. Common shares and surplus shares may be withdrawn on demand or withdrawal from membership, subject to the credit union meeting capital adequacy requirements and the discretion of the Board of Directors.

	2018	2017
Authorized:		
An unlimited number of common shares with par value of \$5 each.		
An unlimited number of surplus shares with par value of \$1 each.		
Issued:		
Common shares		
Balance, beginning of year (1,582 shares)	\$ 7,910	\$ 7,875
Add: shares issued during year (158)	<u>790</u>	<u>630</u>
	8,700	8,505
Less: shares redeemed during year (104)	<u>(520)</u>	<u>(595)</u>
Balance, end of year (1,636 shares)	<u>8,180</u>	<u>7,910</u>
Surplus shares		
Balance, beginning of year	-	-
Add: distributions to members	53,616	-
Less: shares redeemed during year	<u>12,654</u>	<u>-</u>
Balance, end of year	<u>40,962</u>	<u>-</u>
Total equity shares	<u>\$ 49,142</u>	<u>\$ 7,910</u>

iNova Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

12. INCOME TAX

The components of tax expense (benefit) were as follows:

	2018	2017
Current income tax expense in respect of current year	\$ 20,294	\$ 26,434
Deferred income taxes relating to the origination and reversal of temporary differences	<u>19,021</u>	<u>(5,607)</u>
Total income tax expense	<u>\$ 39,315</u>	<u>\$ 20,827</u>

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

	2018	2017
Income before income taxes	\$ 276,597	\$ 256,770
Combined Canadian basic federal and provincial income tax rate	<u>13.0%</u>	<u>13.5%</u>
Expected income tax	35,958	34,664
Effect on income tax of:		
Temporary differences	5,158	(12,053)
Permanent differences	<u>(1,801)</u>	<u>(1,784)</u>
Total income tax expense	<u>\$ 39,315</u>	<u>\$ 20,827</u>

The components of deferred income tax balances are as follows:

	2018	2017
Deferred income tax assets (liabilities)		
Allowance for impaired loans	\$ 5,097	\$ 19,058
Capital assets	(11,189)	(5,714)
Atlantic Central Shares	<u>(10,790)</u>	<u>(11,205)</u>
Deferred income tax asset (liability)	<u>\$ (16,882)</u>	<u>\$ 2,139</u>
Deferred tax assets (liabilities) to be recovered (settled) > 12 months	<u>\$ (16,882)</u>	<u>\$ 2,139</u>

Deferred tax assets are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amount of existing assets and their respective tax bases. Deferred tax assets are measured using enacted or substantially enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

iNova Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

13. RELATED PARTY TRANSACTIONS

Loans to management and personnel

At year end, members of the Board of Directors, Credit Committee, Audit Committee, management, employees and spouses had loans owing to the Credit Union totalling \$776,632 (2017 - \$802,377) and had deposits with the Credit Union totalling \$526,559 (2017 - \$523,065).

The loans were granted using the normal credit granting process and were subject to discounted rates depending on the circumstances. Interest rates on deposits and dividends on shares were at identical rates offered to all members of the Credit Union.

Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	2018	2017
Direct compensation	\$ 281,611	\$ 274,097
Contributions to defined contribution plan	<u>23,683</u>	<u>23,263</u>
Total salaries and benefits	<u>\$ 305,294</u>	<u>\$ 297,360</u>

The remuneration of key management personnel is determined by the Board of Directors having regard to the performance of individuals and market trends.

Group RRSP plan

The Credit Union sponsors a group RRSP plan. The plan provides the Credit Union with flexibility in that the percentage contributed to the employees' plan can be modified. The Credit Union contributed 9% of base salaries to the employees' plan. Staff also contributed 6% of their base salary to the plan. Current service costs totalled \$39,044 (\$35,640 in 2017) and were included in salaries, benefits and contracted services expense on the statement of income.

14. COMMITMENTS

The Credit Union has entered into an operating lease for premises on April 1, 2012 for a term of ten years plus four five year renewal options. The rent and an estimation of the Credit Union's proportionate share of operating expenses and municipal tax is as follows:

Less than one year	\$ 136,538
Between 1 and 5 years	<u>307,209</u>
	<u>\$ 443,747</u>

During the year ended December 31, 2018, an amount of \$128,407 (2017 - \$136,036) was recognized as an expense through the statement of income in respect of operating leases.

iNova Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

15. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

The fair value of financial instruments are as follows:

Loans:

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

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

Deposits:

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

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

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

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

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

iNova Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

15. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy	2018	2017
Level 1	\$ -	\$ -
Level 2	747,101	719,711
Level 3	-	-
	<u>747,101</u>	<u>719,711</u>
	<u>\$ 747,101</u>	<u>\$ 719,711</u>

Fair value of loans and deposits:

	<u>2018</u>		<u>2017</u>	
	<u>Book Value</u>	<u>Estimated Fair Value</u>	<u>Book Value</u>	<u>Estimated Fair Value</u>
Members' loans	\$ 28,620,018	\$ 28,558,149	\$ 26,558,764	\$ 26,485,071
Members' deposits	\$ 30,379,891	\$ 30,314,318	\$ 29,801,443	\$ 29,802,094

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

16. CREDIT FACILITY

The Credit Union has an approved operating line of credit with Atlantic Central with a limit of \$850,000 to cover shortfalls in cash resources. The line of credit is secured by an assignment of book debts, bears interest at prime and is to be reviewed on an annual basis. At December 31, 2018 the line of credit was not drawn upon.

17. CAPITAL REQUIREMENTS

The Credit Union's plan to manage equity is designed to establish a strong base for future growth, to pay dividends on the equity shares and to provide a cushion in the event of market instability. Members' equity consists of equity shares and retained earnings. In accordance with the Credit Union Act, iNova Credit Union shall establish and maintain equity at a level equal to 5% of its assets. At December 31, 2018, equity was 12.49% (2017 - 11.95%) of its assets. Members' equity ratios are monitored regularly and reported to the Board monthly. The Credit Union's equity ratios have been in compliance with the regulatory requirements throughout the year.

iNova Credit Union Limited
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

18. CHANGE IN ACCOUNTING POLICY

On January 1, 2018 the Credit Union adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

The Credit Union was required to revise its impairment methodology under IFRS 9 for its members' loans. The impact of the changes in impairment methodology on the Credit Union's retained earnings and members' equity is disclosed in Note 6.

IFRS 9 was adopted without restating comparative information. The reclassification and the adjustments arising from the new impairment rules are therefore recognized in the opening balance sheet on January 1, 2018.

In accordance with the transition provisions in IFRS 15, the Credit Union has adopted the new rules retrospectively, and has restated comparatives for the 2017 fiscal year. The adoption of the new rules resulted in changes in accounting policies without adjustments to amounts recognized in the financial statements

19. REVENUE FROM CONTRACTS

The Credit Union derives revenue from the transfer of goods and services over time and at a point in time in the following products and services:

	Account and transaction fees	Commissions	Total
Balance at December 31, 2018	\$ <u>308,050</u>	\$ <u>22,783</u>	\$ <u>330,833</u>
Timing:			
At point in time	\$ 66,410	\$ 22,783	\$ 89,193
Over time	<u>241,640</u>	<u>-</u>	<u>241,640</u>
	<u>\$ 308,050</u>	<u>\$ 22,783</u>	<u>\$ 330,833</u>
	Account and transaction fees	Commissions	Total
Balance at December 31, 2017	\$ <u>294,658</u>	\$ <u>29,082</u>	\$ <u>323,740</u>
Timing:			
At point in time	\$ 57,047	\$ 29,082	\$ 86,129
Over time	<u>237,611</u>	<u>-</u>	<u>237,611</u>
	<u>\$ 294,658</u>	<u>\$ 29,082</u>	<u>\$ 323,740</u>

Revenue from contracts with members comes from savings and current accounts, and the related fees as well as commissions on the sale of insurance products.

iNova Credit Union Limited
SCHEDULES OF ADMINISTRATIVE AND OCCUPANCY EXPENSES

Year ended December 31	2018	% of Income	2017	% of Income
Administrative expenses				
Advertising and promotion	\$ 17,703	1.0	\$ 8,305	0.5
Accounting and audit	24,150	1.4	25,875	1.6
Atlantic Central dues	30,739	1.8	30,964	1.9
Data processing	76,795	4.4	64,195	3.9
Donations	9,310	0.5	2,811	0.2
Dues, fees and courier	9,850	0.6	9,408	0.6
Equipment repairs and maintenance	16,346	0.9	21,395	1.3
Insurance - general and bonding	21,256	1.2	19,180	1.2
Legal, collection and foreclosed property	5,024	0.3	2,985	0.2
Meeting expenses	23,775	1.4	24,487	1.5
Miscellaneous	6,037	0.3	3,172	0.2
Office, stationery and postage	23,156	1.3	22,385	1.4
Telephone	5,716	0.3	5,259	0.3
Travel	474	-	3,251	0.2
	<u>\$ 270,331</u>	<u>15.4</u>	<u>\$ 243,672</u>	<u>15.0</u>
Occupancy expenses				
Heat, lights and water	\$ 10,549	0.6	\$ 11,724	0.7
Repairs and maintenance	13,422	0.8	13,368	0.8
Rent	128,408	7.3	136,037	8.2
	<u>\$ 152,379</u>	<u>8.7</u>	<u>\$ 161,129</u>	<u>9.7</u>

(See accompanying notes to the financial statements)