Financial Statements

TruPartner Credit Union

December 31, 2024 and 2023

CONTENTS

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GBQ Partners

To the Board of Directors
TruPartner Credit Union
Cincinnati, Ohio

Independent Auditor's Report

Opinion

We have audited the financial statements of TruPartner Credit Union, which comprise the statements of financial condition as of December 31, 2024 and 2023, and the related statements of operations and comprehensive income (loss), changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TruPartner Credit Union as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 required to be independent of TruPartner Credit Union and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TruPartner Credit Union's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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 controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls 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 TruPartner Credit Union's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TruPartner Credit Union's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

GBQ Partners LLC

Columbus, Ohio
March 19, 2025

TRUPARTNER CREDIT UNION
Statements of Financial Condition
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	**$ 18,216,523**	$ 17,363,683
Investments		
Investments - available-for-sale	**4,736,883**	2,696,278
Investments - held-to-maturity	**38,874,000**	44,369,000
Investments - other	**2,634,244**	3,687,550
Equity securities	**576,173**	92,500
Total investments	**46,821,300**	50,845,328
Loans to Members and Loan Participations, net of allowance for credit losses of $1,057,391 and $1,210,578 at December 31, 2024 and 2023	**83,437,979**	90,325,518
Property and Equipment, net	**3,993,969**	4,169,509
Other Assets		
Accrued interest receivable on investments	**105,680**	142,803
Accrued interest receivable on loans	**485,491**	492,380
Cash surrender value of life insurance	**4,415,077**	4,189,719
Prepaid expenses and other assets	**1,330,132**	1,086,852
Share insurance deposit	**1,971,963**	2,235,631
Total other assets	**8,308,343**	8,147,385
TOTAL ASSETS	**$ 160,778,114**	$ 170,851,423
LIABILITIES AND MEMBERS' EQUITY		
Members' Share Accounts	**$ 141,913,167**	$ 151,689,493
Accrued Expenses and Other Liabilities	**675,875**	746,302
Total liabilities	**142,589,042**	152,435,795
Members' Equity, substantially restricted	**18,189,072**	18,415,628
TOTAL LIABILITIES AND MEMBERS' EQUITY	**$ 160,778,114**	$ 170,851,423

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

TRUPARTNER CREDIT UNION

Statements of Operations and Comprehensive Income (Loss)

For the Years Ended December 31, 2024 and 2023

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	2024	2023
Interest Income		
Interest on loans	**$ 5,191,345**	$ 4,829,467
Interest on investments	**1,793,088**	2,111,170
Total interest income	**6,984,433**	6,940,637
Interest Expense		
Dividend expense on members' share accounts	**892,380**	635,725
Interest expense on notes payable	**145**	1,651
Total interest expense	**892,525**	637,376
Net interest income	**6,091,908**	6,303,261
Provision for Credit Losses	**1,558,479**	1,649,515
Net interest income after provision for credit losses	**4,533,429**	4,653,746
Non-Interest Income	**2,990,707**	2,345,528
Non-Interest Expenses	**7,791,592**	7,112,170
Net Loss	**$ (267,456)**	$ (112,896)
Other Comprehensive Income		
Change in net unrealized income (loss) on available-for-sale investments	**$ 40,900**	$ 14,108
Comprehensive Loss	**$ (226,556)**	$ (98,788)

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

TRUPARTNER CREDIT UNION
Statements of Changes in Members' Equity
For the Years Ended December 31, 2024 and 2023

	Statutory Reserve	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Equity Acquired from Merger Activities	Total Members' Equity
Balance, December 31, 2022	$ 3,379,316	$ 8,428,350	$ (8,830)	$ 6,482,924	$ 18,281,760
Net loss for year ended December 31, 2023	-	(112,896)	-	-	(112,896)
Change in net unrealized loss on available-for-sale investments	-	-	14,108	-	14,108
Cumulative effect from adoption of new accounting standard	-	232,656	-	-	232,656
Statutory reserve transfer	464,158	(464,158)	-	-	-
Balance, December 31, 2023	3,843,474	8,083,952	5,278	6,482,924	18,415,628
Net loss for year ended December 31, 2024	-	(267,456)	-	-	(267,456)
Change in net unrealized gain on available-for-sale investments	-	-	40,900	-	40,900
Balance, December 31, 2024	**$ 3,843,474**	**$ 7,816,496**	**$ 46,178**	**$ 6,482,924**	**$ 18,189,072**

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

TRUPARTNER CREDIT UNION
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Net loss	**$ (267,456)**	$ (112,896)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	**331,251**	300,094
Provision for credit loss	**1,558,479**	1,649,515
Amortization of premiums on loan participations	**-**	234,093
Gain on conversion of VISA stock	**(419,588)**	-
Loss (gain) on valuation of equity securities	**(64,084)**	8,257
Gain on sale of property and equipment	**(211,542)**	-
Amortization of loan origination fees	**104,268**	79,693
Net change in:		
Cash surrender value of life insurance	**(225,358)**	(204,318)
Interest receivable	**44,012**	(62,202)
Prepaid expenses	**36,710**	14,507
Accounts payable and accrued liabilities	**(70,426)**	(74,368)
Net cash and cash equivalents provided by operating activities	**816,266**	1,832,375
Cash Flows from Investing Activities		
Proceeds from maturities of available-for-sale investments	**1,736,295**	-
Purchase of available-for-sale investments	**(4,234,000)**	(2,690,999)
Purchase of held-to-maturity investments	**-**	(4,196,000)
Proceeds from maturities of held-to-maturity investments	**5,249,000**	5,700,000
Maturity of other investments – net of purchases	**1,797,306**	1,223,357
Loan participation purchases - net of repayments	**(3,300,033)**	1,731,175
Proceeds from sale of property and equipment	**230,000**	-
Purchase of property and equipment	**(174,170)**	(261,380)
Repayment of loans - net of loans made to members	**8,524,828**	(3,188,388)
Net change in:		
Insurance deposit	**263,668**	97,225
Other assets	**(279,992)**	415,480
Net cash and cash equivalents provided (used) by investing activities	**9,812,902**	(1,169,530)
Cash Flows from Financing Activities		
Repayment of borrowed funds	**-**	-
Net decrease in members' shares	**(9,776,328)**	(20,282,131)
Net cash and cash equivalents used by financing activitities	**(9,776,328)**	(20,282,131)
Net increase in cash and cash equivalents	**852,840**	(19,619,286)
Cash and Cash Equivalents at Beginning of Year	**17,363,683**	36,982,969
Cash and Cash Equivalents at End of Year	**$ 18,216,523**	$ 17,363,683
Supplemental Cash Flow Information		
Dividend paid on members' shares and interest paid on borrowed funds	**$ 892,525**	$ 637,376

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

Nature and Scope of Business

TruPartner Credit Union (the Credit Union) provides a variety of financial services to its members, most of whom live, work, worship, attend school or do business in the following counties in Ohio: Butler, Clermont, Hamilton, and Warren. The Credit Union's primary source of revenue is from interest earned on loans to its members and fees earned on services and products associated with its deposit account offerings.

Summary of Significant Accounting Policies

Recent Accounting Pronouncement

On January 1, 2023, the Credit Union adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities. It also applies to off-balance sheet credit exposure not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor in accordance with Topic 842 on leases. In addition, ASC 326 made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities management does not intend to sell or believes that it is more likely than not they will be required to sell.

The Credit Union adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures. Results for reporting periods beginning after January 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Credit Union recorded a net increase to undivided earnings of $232,656 as of June 1, 2024 for the cumulative effect of adopting ASC 326. The transition adjustment resulted from the decrease in the allowance valuation account on loan receivables following the adoption of the CECL methodology.

Investments

The Credit Union's investments in securities are classified and accounted for as follows:

Available-for-Sale: Government sponsored enterprises (GSEs), negotiable certificates of deposit and municipal bonds are classified available-for-sale when the Credit Union anticipates that the investments could be sold in response to rate changes, prepayment risk, liquidity, availability of and the yield on alternative investments and other market and economic factors. These investments are reported at fair value. Unrealized gains and losses on investments available-for-sale are recognized as direct increases or decreases in other comprehensive income (loss).

Summary of Significant Accounting Policies (continued)

Investments (continued)

Held-to-Maturity: Government sponsored enterprises (GSEs) and negotiable certificates of deposit are classified held-to-maturity when the Credit Union has the positive intent and ability to hold to maturity are reported at cost, adjusted for amortization of premiums and accretion of discounts, which are recognized in interest income using the interest method over the period to maturity.

Other: Investments in corporate credit union capital accounts, Federal Home Loan Bank (FHLB) stock and non-negotiable certificates are carried at cost.

Purchase premiums and discounts are recognized in interest income using a straight line method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and the costs of securities sold are determined using the specific identification method.

Market changes in interest rates and market changes in credit spreads will cause normal fluctuations in the market price of securities and the possibility of temporary unrealized losses.

The Credit Union does not maintain a trading portfolio.

VISA Stock

The Credit Union received notice of the restructuring of VISA Inc. As part of the restructuring, the Credit Union was issued shares of Class B Common Stock in VISA Inc. The shares represented by this issuance are fully paid and non-assessable. As of December 31, 2023 there was no readily available fair market value of the stock and therefore, the stock was not reflected in the Credit Union's financial statements. During 2024, VISA offered the opportunity to convert these shares into marketable shares. Upon conversion, the Credit Union now owns 970 Class B-2 shares and 385 Class C shares. No readily available market value exists for Class B-2 shares and therefore, this stock is not reflected in the Credit Union's financial statements. As Class C shares are convertible to Class A shares, these shares were recorded at the associated fair value of the converted Class A shares upon conversion. The Credit Union recognized a gain of $419,588 upon conversion during the year ended December 31, 2024. As a condition of the conversion, the Credit Union entered into a makewhole agreement with VISA, which could result in potential cash payment obligations under certain circumstances as defined in the agreement.

Restrictions on Investments

The Credit Union is required to maintain balances with a corporate credit union as membership shares. These membership shares represent perpetual contributed capital (PCC). PCC is a perpetual capital instrument. It is not subject to share insurance coverage. The dividends are not guaranteed and are non-cumulative. PCC is available to cover losses that exceed retained earnings and previous forms of capital contributions. PCC is redeemable by the Credit Union only if certain conditions and restrictions are met.

Summary of Significant Accounting Policies (continued)

Loans to Members and Allowance for Credit Losses

Loans are stated at the amount of unpaid principal, reduced by an allowance for credit losses. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. Loan fees and certain direct loan-origination costs are deferred, and the net fee or cost is recognized as an adjustment to interest income using a straight line method over the contractual life of the loans.

The accrual of interest on loans is discontinued at the time the loan is sixty days delinquent unless the credit is well-secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if management believes, after considering economic conditions, business conditions, and collection efforts, that collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Credit Losses

The allowance for credit loss is a valuation account that is netted against the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Credit card loans and other consumer loans are typically charged off no later than 180 days past due.

Business loans are assessed for estimated losses by grading each loan using various risk factors as identified through periodic reviews. The Credit Union applies historic grade-specific loss factors to the aggregation of each funded risk category. In the development of statistically derived loan grade factors, historical losses are observed over a relevant period for each loan grade. These loss estimates are adjusted as appropriate based on additional analysis of long-term average loss experience compared to previously forecasted losses, external loss data or other risks identified from current economic conditions and credit quality trends. The business allowance for credit losses also includes an amount for the estimated losses on individually evaluated loans.

Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses (continued)

For consumer and residential real estate loans, expected loss estimates are developed primarily using an Advanced Vintage Loss method or Probability of Default method. Under the Advanced Vintage Loss methods, the process uses average annual charge-off rates. The average annual charge off rate contains loss content over several vintages and is used as a foundation for estimating the expected credit loss for the remaining balances of the loans receivable in a pool at the balance sheet date. The average annual charge off rate is calculated based on the estimated business cycle and is subject to management's estimation. The average annual charge-off rate is applied to the estimated average life to determine the unadjusted historical charge off rate for the remaining balance of the loan pool. The unadjusted historical charge off rate is then adjusted for current conditions and reasonable and supportable forecasts about the future. Under the Probability of Default methodology, a conditional monthly default probability over the remaining life of each loan is estimated using historical datasets in addition to current loan and borrower information. Amortization schedules are estimated for each loan integrating the probability of default factors, providing a forward-looking loss calculation over the remaining life of each individual loan. The loss severity calculation then estimates the expected loss amount for each loan if it were to default.

The contractual term of loans is adjusted for prepayments when appropriate. Furthermore, the contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a troubled debt restructuring will be executed with an individual borrower or the extension renewal options are included in the original or modified contract and are not unconditionally cancellable by the Credit Union.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposure

The Credit Union estimates expected credit losses over the contractual period in which the Credit Union is exposed to credit risk via a contractual obligation to extend credit unless that obligation is unconditionally cancellable by the Credit Union. The allowance for credit losses on off-balance sheet exposure is adjusted as a provision for credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. In evaluation of the loan portfolio, it was determined that off-balance sheet credit exposure is limited to home equity lines of credit. The Credit Union has not established an allowance for credit loss on off-balance sheet credit exposure for the home equity portfolio as of December 31, 2024 and 2023.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the related assets.

Summary of Significant Accounting Policies (continued)

Valuation of Long-Lived Assets

Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews all material assets annually for possible impairment. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

Other Real Estate Owned

Assets acquired through, or in lieu of loan foreclosure are held for sale and are initially recorded at fair value at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuations allowance are included in net expenses from foreclosed assets.

Comprehensive Income (Loss)

Comprehensive income or loss consists of net income or loss and other comprehensive income or loss that includes unrealized gains and losses on the available-for-sale investment portfolio.

Share Insurance Deposit

The deposit in the American Share Insurance Fund (ASI) is in accordance with the insurer's requirements, which require the maintenance of a deposit by each insured Credit Union in an amount equal to 1.3% of its insured shares. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, or it converts to insurance coverage from another source.

Share Insurance Premiums

The Credit Union is subject to a premium assessment from American Share Insurance. There were no premium assessments during the years ended December 31, 2023 and 2024.

Concentration of Credit Risk

The Credit Union's business activity is primarily with members who live, work, attend school, or do business in the following counties in Ohio: Butler, Clermont, Hamilton, and Warren. This creates a concentration of credit risk from members with loans from the Credit Union since they are primarily located within a similar geographic area.

Summary of Significant Accounting Policies (continued)

Income Taxes

The Credit Union is exempt from most federal, state, and local taxes under the provisions of 501(c)(14) of the Internal Revenue Code.

The Credit Union accounts for uncertainty in income taxes in its financial statements as required under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Accounting for Uncertainty in Income Taxes*. The standard prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

The standard also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition accounting. Management determined there were no material uncertain positions taken in its tax returns.

Fair Values of Financial Instruments

Generally accepted accounting principles established a fair value hierarchy that prioritizes the inputs to measure the fair value of the assets or liabilities being measured. Fair value is defined as the exchange value that would be received on the measurement date to sell an asset or to value the amount paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. The three levels of the fair value hierarchy are as follows:

Level 1 — Inputs are quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 — Inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 — Inputs are significant unobservable inputs for the asset or liability.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Investments – Available-for-Sale: Fair values of investments are usually based on significant observable inputs or market prices for similar investments, unadjusted quoted prices for similar investments or other relevant brokers. These assets represent a Level 2 fair value hierarchy.

Summary of Significant Accounting Policies (continued)

Fair Values of Financial Instruments (continued)

Investments – Equity Securities: Fair values of investments are usually based on unadjusted quoted prices in active markets for items identical to the asset being measured. These assets represent a Level 1 fair value hierarchy.

Investments – Other: Membership and unit interests in CUSO's are recorded at cost, less any impairment. Life insurance contracts are recorded at their cash surrender value. These interests represent a Level 3 fair value hierarchy.

The Credit Union has no financial instruments that are issued for trading purposes.

Advertising Costs

It is the policy of the Credit Union to expense all advertising costs as incurred.

Card Income

Card income includes interchange income from credit and debit cards and fees earned from processing card transactions for merchants, both of which are recognized when purchases are made by a member. Card income is recognized at the point in time the service is provided.

Deposit-Related Income

Deposit-related income includes fees earned from performing cash management activities and other deposit account services. Deposit-related income in this revenue category is recognized at the point in time the service is provided.

Lending-Related Income

Lending-related income includes fees earned from loan commitments, standby letters of credit, financial guarantees, and other loan servicing activities. Lending-related income in this revenue category is recognized at the point in time the service is provided.

Mortgage-Related Income

Mortgage-related income includes fees and income earned from mortgage loan originations.

Other Income

Other income includes income from gains or losses on the disposition of assets, commissions from the sale of real estate and insurance products and debt forgiveness.

Members' Share Accounts

Members' shares are subordinated to all other liabilities of the Credit Union upon liquidation. Dividend rates are set by the Board of Directors, based on an evaluation of current and future market conditions.

Summary of Significant Accounting Policies (continued)

Statutory Reserve

State insurance regulations require reserves for losses to be established by appropriations of undivided earnings. The reserves are not related to amounts of losses actually anticipated and the appropriations have not been charged against income.

Reclassifications

Certain items have been reclassified in the December 31, 2023 financial statements to be consistent with the December 31, 2024 presentation. There was no effect on net income as a result of these reclassifications.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits of $250,000 per depositor at each financial institution. The balances of cash and cash equivalents in excess of federally insured limits were approximately $2,995,178 and $3,821,159 as of December 31, 2024 and 2023, respectively.

Cash and cash equivalents include money market accounts, Federal funds, and any highly liquid debt-instruments.

	2024	2023
Cash on hand and in non-interest bearing accounts with other financial institutions	**$ 1,496,110**	$ 1,508,594
Money market and other interest bearing deposits with other financial institutions	**16,720,413**	15,855,089
Total cash and cash equivalents	**$ 18,216,523**	$ 17,363,683

Investments

The Credit Union's equity securities consist of investments in mutual funds and stock. Unrealized gains and losses are recognized in investment income in the statements of operations and comprehensive income (loss), regardless of whether such gains and losses were realized. The Credit Union recognized unrealized gains on these investments of $64,084 during the year ended December 31, 2024, and unrealized losses of $8,257 during the year ended December 31, 2023.

The amortized cost and fair value of investments – available-for-sale at December 31, 2024 and 2023 were:

Available-for-Sale	**2024** **Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Negotiable certificates	**$ 3,718,000**	**$ 48,448**	**$ -**	**$ 3,766,448**
Government sponsored enterprise bonds	**500,000**	**1,990**	**-**	**501,990**
Municipal bonds	**472,705**	**-**	**(4,260)**	**468,445**
Total	**$ 4,690,705**	**$ 50,438**	**$ (4,260)**	**$ 4,736,883**

Available-for-Sale	2023 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Negotiable cerificates	$ 2,691,000	$ 9,729	$ (4,451)	$ 2,696,278
Total	$ 2,691,000	$ 9,729	$ (4,451)	$ 2,696,278

The amortized cost of investments – held-to-maturity at December 31, 2024 and 2023 were:

Held-to-Maturity	**2024** **Amortized Cost**	2023 Amortized Cost
Government sponsored enterprise bonds	**$ 22,000,000**	$ 22,500,000
Negotiable certificates	**16,874,000**	21,869,000
Total held-to-maturity	**$ 38,874,000**	$ 44,369,000

Investments (continued)

The amortized cost of investments – other at December 31, 2024 and 2023 were:

Other	2024 Amortized Cost	2023 Amortized Cost
Corporate - perpetual contributed capital	**$ 1,185,196**	$ 1,185,196
Cetificates of deposit	**769,000**	1,763,000
CFL membership stock	**434,241**	463,529
FHLB capital stock (restricted)	**163,600**	191,700
PSCU stock	**82,207**	84,125
Total	**$ 2,634,244**	$ 3,687,550

The amortized cost and fair value of investment securities at December 31, 2024 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Available-for-Sale		Held-to-Maturity	Other
	Amortized Cost	Fair Value	Amortized Cost	Amortized Cost
Due in 2025	$ -	$ -	$ 20,233,000	$ 521,000
Due 2026 to 2029	4,690,705	4,736,883	18,641,000	248,000
Due 2030 to 2034	-	-	-	-
Due after 2034	-	-	-	-
Non - maturing	-	-	-	1,865,244
Total	$ 4,690,705	$ 4,736,883	$ 38,874,000	$ 2,634,244

The gross unrealized losses on investment securities that have been in loss positions less than 12 months and longer than 12 months at December 31, 2024 and 2023 are summarized as follows:

Available-for-Sale	2024	2023
Gross unrealized losses for less than one year	**$ 4,260**	$ 4,451
Gross unrealized losses for more than one year	**-**	-
Total	**$ 4,260**	$ 4,451

Loans to Members and Loan Participations

The loans to members and loan participations at December 31, 2024 and 2023 consist of the following:

	2024	2023
Business		
Real estate - participations	**$ 17,697,881**	$ 17,751,414
Real estate	**2,009,928**	2,033,799
Other secured	**193,921**	193,999
Other secured - participations	**34,580**	39,705
Business subtotal	**19,936,310**	20,018,917
Real Estate - Residential	**25,115,694**	23,079,113
Consumer		
Vehicle	**20,640,574**	25,799,891
Unsecured - participations	**7,283,527**	6,828,575
Unsecured	**6,749,454**	7,079,906
Vehicle - participations	**3,782,096**	7,483,547
Other collateralized	**761,856**	964,799
Consumer subtotal	**39,217,507**	48,156,718
Total	**84,269,511**	91,254,748
Net deferred loan fees	**225,859**	281,348
Less: allowance for credit losses	**(1,057,391)**	(1,210,578)
Loans to members and loan participations, net	**$ 83,437,979**	$ 90,325,518

The interest rates on the loans range from 1.9% to 18.99% at December 31, 2024.

Loans on which the accrual of interest has been discontinued amounted to $2,115,128 and $2,723,906 at December 31, 2024 and 2023.

Loans to Members and Loan Participations (continued)

Activity in the allowance for credit losses and recorded investment in loans, by portfolio segment, as of and for the years ended December 31, 2024 and 2023 is as follows:

	2024			
	Business	Real Estate Residential	Consumer	Total
Allowance for Credit Losses				
Beginning balance	$ 382,244	$ 1,867	$ 826,467	**$ 1,210,578**
Charge-offs	-	(36,059)	(1,988,500)	**(2,024,559)**
Recoveries	-	37,652	275,241	**312,893**
Provision	5,921	6,706	1,545,852	**1,558,479**
Ending balance	$ 388,165	$ 10,166	$ 659,060	**$ 1,057,391**
Ending balance - individually evaluated for impairment	$ 388,165	$ -	$ 322,870	**$ 711,035**
Ending balance - collectively evaluated for impairment	$ -	$ 10,166	$ 336,190	**$ 346,356**
Loan Balances				
Ending balance	$ 19,936,310	$ 25,115,694	$ 39,217,507	**$ 84,269,511**
Ending balance - individually evaluated for impairment	$ 19,524,391	$ -	$ 16,015,296	**$ 35,539,687**
Ending balance - collectively evaluated for impairment	$ 411,919	$ 25,115,694	$ 23,202,211	**$ 48,729,824**

	2023			
	Business	Real Estate Residential	Consumer	Total
Allowance for Credit Losses				
Beginning balance	$ 402,340	$ -	$ 406,516	$ 808,856
Change in accounting principle - CECL adoption	(136,058)	2,107	(98,705)	(232,656)
Charge-offs	-	(239)	(1,056,183)	(1,056,422)
Recoveries	-	8,951	32,334	41,285
Provision	115,962	(8,952)	1,542,505	1,649,515
Ending balance	$ 382,244	$ 1,867	$ 826,467	$ 1,210,578
Ending balance - individually evaluated for impairment	$ 382,244	$ -	$ 120,353	$ 502,597
Ending balance - collectively evaluated for impairment	$ -	$ 1,867	$ 706,114	$ 707,981
Loan Balances				
Ending balance	$ 20,018,917	$ 23,079,113	$ 48,156,718	$ 91,254,748
Ending balance - individually evaluated for impairment	$ 19,529,184	$ -	$ 9,371,593	$ 28,900,777
Ending balance - collectively evaluated for impairment	$ 489,733	$ 23,079,113	$ 38,785,125	$ 62,353,971

Loans to Members and Loan Participations (continued)

A significant variable in the loss estimation of the allowance for credit losses are delinquency levels. The follow table presents the outstanding balances from each class within the loan portfolio by delinquency status as of December 31, 2024 and 2023:

	2024				
	Days Past Due				
	Current or 0 - 29	30 - 59	60 - 89	90+ and Nonaccrual	Total
Business					
Real estate - participations	$ 16,098,264	$ 339,872	$ -	$ 1,259,745	**$ 17,697,881**
Real estate	2,009,928	-	-	-	**2,009,928**
Other secured	193,921	-	-	-	**193,921**
Other secured - participations	34,580	-	-	-	**34,580**
Business subtotal	18,336,693	339,872	-	1,259,745	**19,936,310**
Real Estate - Residential	24,607,804	159,649	80,457	267,784	**25,115,694**
Consumer					
Vehicle	19,376,647	880,278	276,017	107,632	**20,640,574**
Unsecured - participations	7,218,501	23,010	15,665	26,351	**7,283,527**
Unsecured	6,689,488	45,753	13,061	1,152	**6,749,454**
Vehicle - participations	3,620,539	94,293	31,692	35,572	**3,782,096**
Other collateralized	761,856	-	-	-	**761,856**
Consumer subtotal	37,667,031	1,043,334	336,435	170,707	**39,217,507**
Total loans	**$ 80,611,528**	**$ 1,542,855**	**$ 416,892**	**$ 1,698,236**	**$ 84,269,511**

	2023				
	Days Past Due				
	Current or 0 - 29	30 - 59	60 - 89	90+ and Nonaccrual	Total
Business					
Real estate - participations	$ 16,660,958	$ -	$ -	$ 1,090,456	$ 17,751,414
Real estate	2,033,799	-	-	-	2,033,799
Other secured	193,999	-	-	-	193,999
Other secured - participations	39,705	-	-	-	39,705
Business subtotal	18,928,461	-	-	1,090,456	20,018,917
Real Estate - Residential	22,398,176	507,635	36,514	136,788	23,079,113
Consumer					
Vehicle	23,708,037	787,204	429,983	874,667	25,799,891
Unsecured - participations	6,737,928	31,565	25,534	33,548	6,828,575
Unsecured	6,994,890	45,633	24,068	15,315	7,079,906
Vehicle - participations	7,350,372	83,319	9,453	40,403	7,483,547
Other collateralized	957,622	-	-	7,177	964,799
Consumer subtotal	45,748,849	947,721	489,038	971,110	48,156,718
Total loans	$ 87,075,486	$ 1,455,356	$ 525,552	$ 2,198,354	$ 91,254,748

Loans to Members and Loan Participations (continued)

In addition to delinquency levels, the Credit Union closely monitors the credit quality of its loan portfolio based on economic conditions, loan performance trends and certain risk attributes. The risks in the Credit Union's consumer and residential real estate loan portfolio correlate to broad economic trends, which are monitored in conjunction with borrowers' risk attributes. Additional risks that may affect the default experience on the Credit Union's real estate portfolio include changes in home prices, which are monitored in conjunction with various loan attributes such as product type and property type. FICO credit scores and loans-to-value (LTV) ratios for loan classes are common credit quality indicators that the Credit Union monitors and utilizes for both portfolios in the evaluation of the allowance for loan losses. The distribution of FICO credit scores on the consumer and real estate portfolios as of December 31, 2024 and 2023 are as follows:

	2024			
	600+	**<600**	**No Score**	**Total**
Real Estate - Residential	$ 18,444,410	$ 311,594	$ 6,359,690	**$ 25,115,694**
Consumer				
Vehicle	17,443,992	790,577	2,406,005	**20,640,574**
Unsecured - participation	7,279,455	4,072	-	**7,283,527**
Unsecured	3,253,030	191,973	3,304,451	**6,749,454**
Vehicle - participation	1,351,941	26,888	2,403,267	**3,782,096**
Other collateralized	709,226	5,388	47,242	**761,856**
	30,037,644	1,018,898	8,160,965	**39,217,507**
Total	**$ 48,482,054**	**$ 1,330,492**	**$ 14,520,655**	**$ 64,333,201**

	2023			
	600+	<600	No Score	Total
Real Estate - Residential	$ 15,607,270	$ 289,387	$ 7,182,456	$ 23,079,113
Consumer				
Vehicle	20,852,848	959,599	3,987,444	25,799,891
Vehicle - participation	2,463,236	-	5,020,311	7,483,547
Unsecured	3,165,473	194,284	3,720,149	7,079,906
Unsecured - participation	905,669	-	5,922,906	6,828,575
Other collateralized	907,015	14,650	43,134	964,799
	28,294,241	1,168,533	18,693,944	48,156,718
Total	$ 43,901,511	$ 1,457,920	$ 25,876,400	$ 71,235,831

Loans to Members and Loan Participations (continued)

Business loans are assessed for estimated losses by grading each loan using various risk factors as identified through periodic reviews. Common risks factors include the debt service coverage ratio and collateral values. The risk ratings can be grouped into the following major categories, defined as follows:

Minimal Risk

Loans in this category have virtually no chance of resulting in a loss and possess many of the following characteristics:

- The borrower has been with the Credit Union for many years and has an excellent credit history.
- Business has an excellent credit/payment history.
- Cash flow is steady and well in excess of required debt repayment.
- The borrower has excellent access to alternative sources of finance at favorable terms.
- Management is of high quality and has unquestioned character.
- The collateral (if required) is cash or cash equivalent and is equal to or exceeds the value of the loan.
- Surrounding region has a strong, diversified business community.

Low Risk

Loans in this category are very unlikely to result in a loss and possess many of the following characteristics:

- The borrower is well known by the Credit Union, will establish a substantial relationship with the Credit Union, if not already a member, and has an excellent credit history.
- Business has an excellent credit/payment history.
- Cash flow is steady and comfortably exceeds the required debt repayments plus other fixed charges.
- The borrower has good access to alternative sources of finance at favorable terms.
- Management is of high quality and character.
- The collateral (if required) is sufficiently liquid and has a large enough margin to make very likely the recovery of the full amount of the loan in the event of default.
- Surrounding region has a good business community which will continue to support a business of this type.

Loans to Members and Loan Participations (continued)

Moderate Risk

Loans in this category have an average chance of resulting in a loss. This category should include the average loan under average economic conditions. Loans in this category would possess many of the following characteristics:

- The borrower will establish a business relationship with the Credit Union, if not already a member, and has a good credit history.
- Business has a good credit/payment history.
- Cash flow may be subject to cyclical conditions but is adequate to meet required debt repayments plus other fixed charges even after a limited period of losses or in the event of a somewhat lower trend in earnings.
- The borrower has some access to alternative sources of finance at reasonable terms.
- Management has experienced people in important positions.
- Collateral (typically required) is sufficiently liquid and has a large enough margin to make likely the recovery of the value of the loan in the event of default.
- Surrounding region has a business community which may be dependent upon a few key businesses but will try to support a business of this type.

Acceptable Risk

Loans in this category have an average chance of resulting in a loss and would possess many of the following characteristics:

- The borrower will establish a business relationship with the Credit Union and has a fair credit rating, but no recent credit problems.
- Business has a fair credit/payment history, but no recent credit problems.
- Cash flow is currently adequate to meet required debt repayments, but it may not be sufficient in the event of significant adverse developments.
- The borrower has some limited access to alternative sources of finance, possibly at unfavorable terms.
- Management weaknesses may exist.
- Collateral (generally required) is sufficient to make likely the recovery of the value of the loan in the event of default, but liquidating the collateral may be difficult or expensive.
- Surrounding region is a struggling business community dependent upon one or a few key businesses with moderate unemployment.

Concerning

Loans in this category have two or more inherent weaknesses that raise objective concern about the ability of the borrower to repay the debt as currently structured.

Substandard

A loan is substandard when it is inadequately protected by the current sound worth and paying capacity of the borrower, guarantor or collateral pledged. In this category, loans must have a well-defined weakness that jeopardizes the liquidation of debt.

Loans to Members and Loan Participations (continued)

Doubtful

A loan that is classified as doubtful has all the weaknesses inherent in one classified substandard, with the added characteristic that the weakness makes collection or liquidation in full highly questionable and improbable. In this category, the possibility of loss is extremely high, but its classification as an estimated loss is deferred until its more exact status may be determined.

Loss

Loss loans are considered uncollectable and of such little value that there is no justification to continuing them as loans. This does not mean that the loans have no recovery or salvage value, rather, that it is not practical to defer writing off the asset even though partial recovery may occur in the future.

The following table shows the outstanding business loan portfolio balances allocated by management's internal risk ratings at December 31, 2024 and 2023:

	2024	2023
Mininimal	$ -	$ -
Low	2,028,581	1,987,861
Moderate	9,188,201	9,489,290
Acceptable	6,557,074	6,470,388
Concerning	633,658	611,703
Substandard	343,307	483,469
Doubtful	773,570	486,474
Loss	-	-
No rating	411,919	489,732
Total	$ 19,936,310	$ 20,018,917

The following table summarizes the financial impact, by concession type, of loans that have been modified as of December 31, 2023:

	2023			
	Interest Rate Reduction and Term Extension	Interest Rate Reduction	Term Extension	Total
Business				
Real estate - participations	$ 146,871	$ -	$ 814,016	$ 960,887
Consumer				
Vehicle	-	-	38,589	38,589
Total	$ 146,871	$ -	$ 852,605	$ 999,476

There were no loans modified during the year ended December 31, 2024.

Property and Equipment

Property and equipment at December 31, 2024 and 2023 consists of the following:

	2024	2023
Land and improvements	**$ 981,993**	$ 988,993
Building and improvements	**6,331,714**	6,359,714
Furniture and equipment	**1,859,261**	1,686,215
Total property and equipment	**9,172,968**	9,034,922
Less: accumulated depreciation	**(5,178,999)**	(4,865,413)
Total property and equipment, net	**$ 3,993,969**	$ 4,169,509

Members' Share Accounts

Members' share accounts as of December 31, 2024 and 2023 are as follows:

	2024	2023
Regular shares	**$ 61,294,788**	$ 64,836,493
Share drafts	**34,280,558**	34,179,832
Money market	**23,489,946**	32,180,237
Certificates	**18,498,144**	15,115,039
IRA shares	**4,349,731**	5,377,892
Total members' shares	**$ 141,913,167**	$ 151,689,493

A summary of members' share certificates by maturity as of December 31, 2024 is as follows:

2025	$ 13,784,358
2026	2,251,158
2027	613,665
2028	1,401,863
2029	447,100
Total members' share maturities	$ 18,498,144

All remaining members' share accounts have no contractual maturity.

Dividend expense on members' share accounts is summarized as follows for the years ended December 31, 2024 and 2023:

	2024	2023
Certificates	**$ 594,093**	$ 235,432
Money market	**253,869**	351,464
Regular shares	**31,723**	35,103
Share drafts	**7,935**	7,770
IRA shares	**4,760**	5,956
Total dividend expense	**$ 892,380**	$ 635,725

Members’ Share Accounts (continued)

There were share accounts totaling $10,197,138 and $11,620,147 that exceeded the insured limit of $250,000 by $2,947,138 and $4,870,147 as of December 31, 2024 and 2023, respectively.

Lines of Credit and Borrowings

The Credit Union maintains $5,000,000 notes payable – line of credit borrowing arrangement with Corporate One Federal Credit Union. The arrangement calls for advances to be made at variable or fixed rates of interest. Advances under these arrangements are secured by substantially all the Credit Union’s assets. The arrangement has two borrowing options. One option is a settlement loan, which is automatically drawn upon when the balance in the Credit Union’s settlement share account is not sufficient to cover the daily settlement activity. The second option is a demand loan, which is drawn upon when the Credit Union specifically requests a short-term loan. Under both arrangements, the effective interest rate is established based on the prevailing rate at the time of the borrowing. There were no outstanding borrowings under these arrangements as of December 31, 2024 and 2023.

An additional arrangement is in place with the Federal Home Loan Bank of Cincinnati for borrowing funds from time to time. All outstanding advances under this arrangement are collateralized by certain investments held by the Credit Union. Total borrowing capacity under this arrangement is $17,899,397. There were no outstanding borrowings under this arrangement at December 31, 2024 and 2023.

Interest expense totaled $145 and $1,651 under both arrangements for the years ended December 31, 2024, and 2023.

Related Party Transactions

The official family of the Credit Union includes employees and board members. Loans receivable from and shares payable to members of the Credit Union official family at December 31, 2024 and 2023 were as follows:

	2024	2023
Loans	**$ 729,485**	$ 700,797
Shares	**2,291,080**	2,526,242

Activity related to loans receivable from members of the Credit Union official family for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Beginning balance	**$ 700,797**	$ 1,026,915
Loan originations	**513,719**	528,180
Loan repayments	**(485,031)**	(854,298)
Ending balance	**$ 729,485**	$ 700,797

Employee Benefit Plan

The Credit Union maintains a retirement savings 401(k) plan in which substantially all employees may participate. The Credit Union matches 100% of the first 5% of employee contributions.

Additionally, the Credit Union may make non-matching contributions at the discretion of the Board of Directors as part of a profit-sharing program and are allocated on an integrated basis based on compensation. The Credit Union did not make a profit-sharing contribution for the years ended December 31, 2024 and 2023.

The Credit Union's contribution expense was approximately $70,737 and $62,553 for the years ended December 31, 2024 and 2023, respectively.

Commitments and Contingent Liabilities

The Credit Union is periodically a party to various legal actions normally associated with financial institutions, the aggregate effect of which in management's opinion would not be material to its financial condition.

Loan Commitments

The Credit Union has extended lines of credit to members which have not been entirely drawn at December 31, 2024 and 2023. The available credit to members that has not been reflected in the financial statements is as follows:

	Available Credit	
Loan Type	**2024**	2023
Credit card	**$ 11,745,136**	$ 12,585,523
Home equity	**2,922,528**	2,443,233
Business	**959,915**	681,009
Courtesy pay	**661,739**	666,976
Unsecured	**608,566**	627,025
Total	**$ 16,897,884**	$ 17,003,766

Other Non-Interest Income and Expense

Other non-interest income and expense amounts for the years ended December 31, 2024 and 2023 are summarized as follows:

	2024	2023
Non-Interest Income		
Card income	**$ 1,097,951**	$ 1,137,689
Deposit-related income	**747,615**	694,930
Gain on conversion of VISA stock	**419,588**	-
Insurance income	**225,357**	204,908
Gain on sale of assets	**211,542**	-
Lending-related income	**155,370**	207,996
Gain on valuation of equity investments	**64,084**	-
Mortgage-related income	**22,010**	33,982
Other	**47,190**	66,023
Total non-interest income	**$ 2,990,707**	$ 2,345,528
Non-Interest Expenses		
Compensation and benefits	**$ 3,505,965**	$ 3,301,859
Professional fees	**1,083,532**	903,040
Card processing and bank charge	**905,396**	797,019
Occupancy	**682,315**	651,586
Office operations	**622,193**	561,839
Loan servicing	**589,088**	540,117
Education and promotion	**273,410**	190,687
Travel	**48,704**	58,033
Director and employee training	**6,809**	4,193
Loss on valuation of equity investments	**-**	8,257
Other	**74,180**	95,540
Total non-interest expense	**$ 7,791,592**	$ 7,112,170

Lease

Effective February 1, 2024, the Credit Union entered into an office lease agreement for the OTR branch location in Cincinnati, Ohio, which spans a period of five years ending January 1, 2029. The lease agreement calls for payments of $1,292 per month during the first year which then increases by 3% per annum for the remaining term of the lease. There are no renewal options included in this agreement. Lease expense totaled $11,624 for the year ended December 31, 2024.

Future minimum lease payments required under the terms of the lease are as follows:

2025	$ 15,924
2026	16,402
2027	16,894
2028	17,401
2029	1,454

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditor's Report, the date on which the financial statements were available to be issued.