

## **Talka Credit Union**

### **Audit Committee Report**

**For the Fiscal Year Ending December 31, 2025**

**April 22, 2026**

Talka Credit Union Audit Committee is a committee of the Board of Directors pursuant to Section 125 of the Credit Unions and Caisses Populaires Act, 2020 (Ontario). The Committee, which consists of four directors, has a mandate to perform all of the audit committee's duties, which are specified in Section 36 of the Regulations 105/22. The Audit Committee is pleased to report to the Members of Talka that it has fulfilled its annual mandate. During the year, the committee members attended all monthly Board meetings (that the Directors were a part of the Talka Board of Directors). In 2025, the Audit Committee held 6 separate meetings, at least once a quarter and completed the following significant activities:

- Reviewed the Committee's duties and responsibilities as mandated by the Regulations and developed the annual work plan to ensure all legal responsibilities are met.
- Obtained a reasonable understanding of the key elements of internal controls that are important to safeguarding the assets of the Credit Union, ensuring the accuracy of financial reports and ensuring compliance with policies and procedures.
- Continued being working partners with FSRAO on isolated and pervasive operational and compliance issues that have impacted the Credit Union.
- Re-appointed MNP LLP to perform the 2025 audit.
- Appointed BDO LLP to complete internal audits
- Reviewed management action plans to remediate the credit union.
- Served as the Board's liaison with the Credit Union's internal auditors and reviewed the internal audit mandate, work plan, reports and recommendations.
- Reviewed the policies, procedures and controls, which relate to legislative compliance, with a particular focus on requirements for liquidity, capital adequacy, credit risk and structural risk management
- Reviewed management's identification of the significant risks of Talka in accordance with the Enterprise Risk Management policy and ensured processes were in place to measure, monitor, manage and mitigate significant risk exposures

- Served as the communication link between the external auditors and the Board of Directors and, in particular, reviewed the terms of engagement, auditor independence, scope of the audit and reviewed Talka's annual financial statements and audit findings prior to Board approval for issuance to the Members.

There are no significant recommendations made by the Committee that have not been implemented or are not in the process of being implemented. In addition, there are no matters which the Audit Committee should be reporting to the Members other than described above nor are there any further matters that are required to be disclosed pursuant to the Act or the Regulations thereto. Based on its findings, the Audit Committee issues reports and makes recommendations to the Board of Directors or management, as appropriate, with respect to the matters outlined above and follows up to ensure that the recommendations are considered and implemented. During the year, the Committee received co-operation from management to enable it to play an effective role in maintaining the quality of financial reporting to the Members and enhancing the overall control structure of the Credit Union.

It is the recommendation of the Audit Committee that the Members approve retaining MNP LLP as the Credit Union's External Auditors for the fiscal year 2026.

In conclusion, I would like to thank all of the Credit Union staff for their help and my fellow Audit Committee members, Valerie Fogarty, Rod Frank and Stan Karackas for their dedication.

*Joshua Rocci*

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Talka Audit Committee Chair