



ROSENORT
Credit Union

2020 **ANNUAL REPORT**



WHAT A CREDIT UNION WAS MEANT TO BE

Report of the Independent Auditor on the Summary Consolidated Financial Statements

To the Members of Rosenort Credit Union Limited:

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at September 30, 2020, and the summary consolidated statements of comprehensive income, changes in members' equity and cash flows for the year then ended, are derived from the audited consolidated financial statements of Rosenort Credit Union Limited (the "Credit Union") for the year ended September 30, 2020.

In our opinion, the accompanying summary consolidated financial statements are a fair summary of the audited consolidated financial statements, on the basis described in Note 1 to the summary consolidated financial statements.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated November 10, 2020.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements on the basis described in Note 1 to the summary consolidated financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are a fair summary of the audited consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, Engagements to Report on Summary Financial Statements.

Winnipeg, Manitoba

November 10, 2020

MNP LLP

Chartered Professional Accountants

Rosenort Credit Union Limited

Summary Consolidated Statement of Financial Position

As at September 30, 2020

	2020	2019
Assets		
Funds on hand and on deposit	2,594,880	11,722,345
Investments	103,036,089	75,398,062
Loans to members	486,980,855	480,639,216
Investment in joint arrangement	734,602	598,256
Prepaid expenses and deposits	269,090	102,304
Property, equipment and intangible assets	1,349,026	745,554
Deferred tax assets	175,232	160,232
	595,139,774	569,365,969
Liabilities		
Loan payable	6,342,112	-
Members' savings and deposits	547,911,503	533,479,096
Income taxes payable	292,936	209,603
Accounts payable	355,963	311,885
Lease liabilities	674,206	-
Members' shares	514,248	576,340
	556,090,968	534,576,924
Members' equity		
Members' shares	7,241,655	7,356,680
Provision for issue of surplus shares	53,838	64,977
Provision for issue of preference shares	162,666	186,128
Retained surplus	31,590,647	27,181,260
	39,048,806	34,789,045
	595,139,774	569,365,969

Approved on behalf of the Board

Signed "Matthew Sawatzky", Director

Signed "Mike Wolfe", Director

Rosenort Credit Union Limited
Summary Consolidated Statement of Comprehensive Income
For the Year Ended September 30, 2020

	2020	2019
Financial income		
Interest from loans to members	16,297,172	17,586,100
Investment income	1,896,544	2,005,920
	18,193,716	19,592,020
Cost of funds	9,827,866	11,684,257
Financial margin	8,365,850	7,907,763
Operating expenses		
Administration	1,031,029	916,504
Member security	453,538	434,960
Occupancy	446,218	491,767
Organizational	205,594	208,802
Personnel	1,976,548	2,083,052
Gross operating expenses	4,112,927	4,135,085
Other income	(1,572,841)	(1,440,820)
Income from operations before provision for loan losses, distribution to members and income taxes	5,825,764	5,213,498
Provision for loan losses	90,000	60,000
Income before distribution to members and income taxes	5,735,764	5,153,498
Distribution to members	8,999	11,527
Income before provision for income taxes	5,726,765	5,141,971
Provision for income taxes	1,146,173	813,403
Total comprehensive income for the year	4,580,592	4,328,568

Rosenort Credit Union Limited

Summary Consolidated Statement of Changes in Members' Equity

For the Year Ended September 30, 2020

	<i>Members' shares</i>	<i>Provision for issue of Surplus Shares</i>	<i>Provision for issue of Preference Shares</i>	<i>Retained surplus</i>	<i>Accumulated other comprehensive income</i>	<i>Total equity</i>
Balance September 30, 2018	7,707,683	65,762	190,528	23,048,370	109,829	31,122,172
Net income for the year	-	-	-	4,328,568	-	4,328,568
Distribution to members	-	64,977	186,128	(195,678)	-	55,427
Issue of members' shares	67,367	(65,762)	(190,528)	-	-	(188,923)
Redemption of members' shares	(215,006)	-	-	-	-	(215,006)
Transfer to liabilities	(203,364)	-	-	-	-	(203,364)
Transfer of accumulated other comprehensive income to retained surplus	-	-	-	-	(109,829)	(109,829)
Balance September 30, 2019	7,356,680	64,977	186,128	27,181,260	-	34,789,045
Net income for the year	-	-	-	4,580,592	-	4,580,592
Distribution to members	-	53,838	162,666	(171,205)	-	45,299
Issue of members' shares	73,692	(64,977)	(186,128)	-	-	(177,413)
Redemption of members' shares	(250,809)	-	-	-	-	(250,809)
Transfer from liabilities	62,092	-	-	-	-	62,092
Balance September 30, 2020	7,241,655	53,838	162,666	31,590,647	-	39,048,806

A copy of the complete financial statements including significant accounting policies and other explanatory information is available from the credit union or at www.rcu.ca.

Rosenort Credit Union Limited
Summary Consolidated Statement of Cash Flows
For the Year Ended September 30, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Interest received from loans to members	16,341,052	17,411,030
Interest received from investments	1,963,583	2,030,526
Other income received	1,386,495	1,337,073
Operating expenses paid	(3,968,013)	(3,904,082)
Interest paid on deposits	(12,130,441)	(9,770,038)
Income taxes paid	(1,041,540)	(795,727)
	2,551,136	6,308,782
Financing activities		
Net change in members' savings and deposits	16,734,982	44,590,179
Issuance of members' shares	8,715	2,880
Redemption of members' shares	(250,809)	(216,281)
Distribution to members	(186,128)	(190,528)
Increase in bank indebtedness	6,342,112	-
Lease liability payments	(52,855)	-
	22,596,017	44,186,250
Investing activities		
Net change in loans to members	(6,475,519)	(39,473,595)
Net change in investments	(27,705,066)	(13,869,070)
Purchases of property, equipment and intangible assets	(144,033)	(159,481)
Dividend received from joint arrangement	50,000	-
	(34,274,618)	(53,502,146)
Decrease in cash resources	(9,127,465)	(3,007,114)
Cash resources, beginning of year	11,722,345	14,729,459
Cash resources, end of year	2,594,880	11,722,345

Rosenort Credit Union Limited

Notes to the Summary Consolidated Financial Statements

For the Year Ended September 30, 2020

1. **Basis of presentation of the summary consolidated financial statements**

Management has prepared the summary consolidated financial statements from the Credit Union's September 30, 2020 audited consolidated financial statements which can be obtained at the Credit Union. The detailed notes included in the audited consolidated financial statements are not included in these summary consolidated financial statements.

2. **Compliance with minimum capital and liquidity requirements**

The Credit Union is in compliance with the capital and liquidity reserve requirements at September 30, 2020 established by the Regulations to The Credit Unions and Caisses Populaires Act of Manitoba.

Readers of the summary consolidated financial statements are advised that in order to appropriately interpret the Credit Union's capital and liquidity, the reader must refer to the audited consolidated financial statements and notes for the year ended September 30, 2020, which contain the information detailing the calculation.