

ROSENORT CREDIT UNION

ANNUAL REPORT

2021



A year's overview

MESSAGE FROM THE BOARD CHAIR

As we near the end of 2021, additional economic challenges have surfaced as the global pandemic continues to impact countries around the world. Some of those challenges include inflation, cost of housing, labour shortages and supply chain issues. During these uncertain times, your credit union employees have continued to maintain a high standard of personalized service while working within the Provincial health guidelines.

Despite the emerging challenges highlighted earlier, I am pleased to report that 2021 was a banner year for the Rosenort Credit Union.

Growth in all three of our main financial performance indicators has significantly surpassed the previous year, with assets growing by 9.39% compared to 4.38% last year, loans by 9.11% compared to 1.32% the previous year, and deposits by 10.59% compared to last year's 2.71% growth rate. The increase in all three indicators is above the average asset, loan and deposit growth of Manitoba Credit Unions as a whole. Coupled with this, for the third consecutive fiscal year, your credit union has achieved a record level of income. As we have come to expect, the predominant driver of income is the superior operational efficiency of Rosenort Credit Union and this past year was no exception. A secondary contributor was our subsidiary, Sterling Wealth Management, which continues to perform very well and experienced net income growth of 45% year over year. These impressive outcomes are a direct result of the trust that you as members have placed in us and the level of service and dedication being provided by our employees. Thus, we have been able to provide community support and funding

to a variety of deserving community projects in each of the regions that our branches serve and have committed to continue to do so in the future.

We continue to see the trend of consolidation in the Manitoba credit union system as financial institutions feel the pressure of increased regulation, technology costs and stiff competition. It is the view of the Board that this consolidation will not only continue but could accelerate in the near term. It continues to be the Board's mandate to look to the best interests of our members in the long-term and we will continue to monitor the changing climate that we operate in with those interests in mind.

In closing, I would once again like to highlight the commitment, expertise and efforts of the staff of all three branches of Rosenort Credit Union who have allowed us to remain strong and stable during these uncertain times. I would also like to thank my fellow directors for their willingness to serve and for their support and guidance during this past year. Finally, on behalf of your Board of Directors and staff, I would like to extend my sincere gratitude to each of you for your loyalty and for trusting us to serve your financial needs.

Thank you.



Marcus Enns - Board Chair

2021

BOARD OF DIRECTORS



Back row (left to right): Tom Russell, Mike Wolfe, Marcus Enns - Board Chair, Darren Plett
Front row: Matthew Sawatzky, Alyssa Thiessen, Vickie Friesen - Vice Chair

2021

STAFF

MANAGEMENT

CEO:	Brad Penner
Office Manager:	Rick Friesen
IT Manager:	Sheldon Neufeld
Loans Manager:	Brad McEachern
Altona Branch Manager:	Peter Martens
Pembina Valley Branch Manager:	Tyronne Wall

MEMBER SERVICES DEPARTMENT

Manager of Member Services:	Courtney Penner
Administrative Assistant:	Courtney Vanden Berg
Member Services Supervisors:	Lindi Wiens Mariya Bouvier
Financial Services Officers:	Kate Rempel Pam Buhler Ruth Harder
Member Services Representatives:	Hailee Fast Ina Faul Kathryn Bartel Marge Klassen Richelle Klassen Samuel Giesbrecht Tamara Schmitke Theresa Dowswell
Office Clerk:	Erika Klassen
Receptionist:	Ashley Neufeld

LENDING DEPARTMENT

Agricultural Loans Officer:	Ed Froese
Commercial Loans Officers:	Jason Manns Jeff Friesen
Consumer Loans Officers:	Kristen Klassen Lisa Loewen Maryse Lafond Nicole Plet
Loans Clerk Supervisor:	Julia Friesen
Loans Clerks:	Emmett Hildebrand Rachel Loewen
SPECIALTY	
Compliance Officer:	Marci Schur
HR & Special Projects Coordinator:	Janae Dueck
IT Support Technician:	Matthew Smith

Annual General Meeting

AGENDA

Call to Order
Introductions
Minutes of 2020 Annual Meeting
Governance Committee Report
Auditor's Report
Financial Report
Board Chair Report
Appointment of Auditors
New Business and Question Period
Long Term Service Awards
Adjournment



2021

FINANCIAL REPORT



Report of the independent auditor on the summary consolidated financial statements

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, 2021, 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, 2021.

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 9, 2021.

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 9, 2021

MNP LLP

Chartered Professional Accountants

Rosenort Credit Union Limited

Summary Consolidated Statement of Financial Position

As at September 30, 2021

	2021	2020
Assets		
Funds on hand and on deposit	55,899,492	2,594,880
Investments	61,286,035	103,036,089
Loans to members	531,340,373	486,980,855
Investment in joint arrangement	872,109	734,602
Prepaid expenses and deposits	257,050	269,090
Property, equipment and intangible assets	1,213,091	1,349,026
Deferred tax assets	166,232	175,232
	651,034,382	595,139,774
Liabilities		
Loan payable	-	6,342,112
Members' savings and deposits	605,930,800	547,911,503
Income taxes payable	101,351	292,936
Accounts payable	486,910	355,963
Lease liabilities	596,252	674,206
Members' shares	588,678	514,248
	607,703,991	556,090,968
Members' equity		
Members' shares	6,856,467	7,241,655
Provision for issue of surplus shares	38,481	53,838
Provision for issue of preference shares	119,180	162,666
Retained surplus	36,316,263	31,590,647
	43,330,391	39,048,806
	651,034,382	595,139,774

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, 2021

	2021	2020
Financial income		
Interest from loans to members	14,168,698	16,297,172
Investment income	1,514,805	1,896,544
	15,683,503	18,193,716
Cost of funds	7,017,992	9,827,866
Financial margin	8,665,511	8,365,850
Operating expenses		
Administration	1,134,609	1,031,029
Member security	500,566	453,538
Occupancy	371,956	446,218
Organizational	192,512	205,594
Personnel	1,956,271	1,976,548
Gross operating expenses	4,155,914	4,112,927
Other income	(1,655,799)	(1,572,841)
Income from operations before provision for loan losses, distribution to members and income taxes	6,165,396	5,825,764
Provision for loan losses	120,000	90,000
Income before distribution to members and income taxes	6,045,396	5,735,764
Distribution to members	7,358	8,999
Income before provision for income taxes	6,038,038	5,726,765
Provision for income taxes	1,191,825	1,146,173
Total comprehensive income for the year	4,846,213	4,580,592

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 Changes in Members' Equity

For the Year Ended September 30, 2021

	<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>Total equity</i>
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
Net income for the year	-	-	-	4,846,213	4,846,213
Distribution to members	-	38,481	119,180	(120,597)	37,064
Issue of members' shares	56,954	(53,838)	(162,666)	-	(159,550)
Redemption of members' shares	(367,712)	-	-	-	(367,712)
Transfer from liabilities	(74,430)	-	-	-	(74,430)
Balance September 30, 2021	6,856,467	38,481	119,180	36,316,263	43,330,391

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Rosenort Credit Union Limited
Summary Consolidated Statement of Cash Flows
For the Year Ended September 30, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating activities		
Interest received from loans to members	14,133,284	16,341,052
Interest received from investments	1,554,724	1,963,583
Other income received	1,418,292	1,386,495
Operating expenses paid	(3,820,973)	(3,968,013)
Interest paid on deposits	(8,597,354)	(12,130,441)
Income taxes paid	(1,374,410)	(1,041,540)
	3,313,563	2,551,136
Financing activities		
Net change in members' savings and deposits	59,598,659	16,734,982
Issuance of members' shares	3,115	8,715
Redemption of members' shares	(367,712)	(250,809)
Distribution to members	(132,961)	(186,128)
Increase (decrease) in bank indebtedness	(6,342,112)	6,342,112
Lease liability payments	(57,647)	(52,855)
	52,701,342	22,596,017
Investing activities		
Net change in loans to members	(44,444,104)	(6,475,519)
Net change in investments	41,710,135	(27,705,066)
Purchases of property, equipment and intangible assets	(76,324)	(144,033)
Dividend received from joint arrangement	100,000	50,000
	(2,710,293)	(34,274,618)
Increase (decrease) in cash resources	53,304,612	(9,127,465)
Cash resources, beginning of year	2,594,880	11,722,345
Cash resources, end of year	55,899,492	2,594,880

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

Notes to the Summary Consolidated Financial Statements

For the Year Ended September 30, 2021

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, 2021 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, 2021 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, 2021, which contain the information detailing the calculation.