


# 2022 ANNUAL REPORT

WHAT A CREDIT UNION WAS  
MEANT TO BE



*A year's overview*

# MESSAGE FROM THE BOARD CHAIR

As we near the end of 2022, some of the global and national challenges of the previous year continue, such as rising inflation, cost of housing, labour shortages and supply chain issues. Coupled with these challenges, has been the more recent onset of interest rate hikes initiated by governments to try and curb inflation. The downside of this economic policy decision is the increased risk of entering a recession in the coming months. During these uncertain times, the Rosenort Credit Union and its employees have continued to maintain a high standard of personalized service while helping members help themselves.

Despite the economic challenges highlighted earlier, I am pleased to report that 2022 was another banner year for the Rosenort Credit Union. For the fourth consecutive year, your credit union has achieved a record level of income. During the 2022 fiscal year, net income grew by 24% compared to the previous year, reaching a total of \$6 million. As for some of the other main financial performance indicators, assets grew by 0.50% loans by 2.93% and deposits decreased by 0.48%. The predominant driver of income is the superior operational efficiency of Rosenort Credit Union which I can confidently say is unmatched in the Manitoba Credit Union system. A secondary contributor is our subsidiary, Sterling Wealth Management, which continues to perform well and experienced another strong year of earnings. These impressive results are directly related to the trust that you as members have placed in us and the level of service and dedication being provided by our employees. As a result, we have once again 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 are committed to doing so in the future.

As each year goes by, we continue to see consolidation in the Manitoba credit union system as financial institutions experience the pressure of increased regulation, technology costs and stiff competition. There are currently only 19 credit unions left in the Manitoba system after two additional mergers were finalized in the past year. It is the view of the Board that this consolidation will not only continue but could accelerate in the near term. As has always been the case, the Board's mandate is 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

2022

# 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

2022

# STAFF

## MANAGEMENT

<b>CEO:</b>	Brad Penner
<b>Office Manager:</b>	Rick Friesen
<b>IT Manager:</b>	Sheldon Neufeld
<b>Loans Manager:</b>	Brad McEachern
<b>Altona Branch Manager:</b>	Vern Gevers
<b>Pembina Valley Branch Manager:</b>	Tyronne Wall

## MEMBER SERVICES DEPARTMENT

<b>Manager of Member Services:</b>	Courtney Penner
<b>Administrative Assistant:</b>	Courtney Walaszek
<b>Member Services Supervisors:</b>	Lindi Wiens Ruth Harder
<b>Financial Services Officers:</b>	Mariya Bouvier Erika Klassen Ina Faul Kate Dupuis
<b>Member Services Representatives:</b>	Hailee Fast Kathryn Bartel Kira Gehrer Marge Klassen Linda Friessen Marilyn Krahn Tamara Schmitke
<b>Receptionist:</b>	Katelyn Loewen

## LENDING DEPARTMENT

<b>Commercial/Agricultural Loans Officers:</b>	Jason Manns Jeff Friesen
<b>Consumer Loans Officers:</b>	Ashley Neufeld Kristen Klassen Lisa Loewen Maryse Lafond Sam Giesbrecht Thomas Guenther
<b>Loans Clerk Supervisor:</b>	Matt Gilson
<b>Loans Clerk:</b>	Sahar Lamey
<b>SPECIALTY</b>	
<b>Compliance Officer:</b>	Marci Schur
<b>IT Support Technician:</b>	Matthew Smith

## *Annual General Meeting*

# **AGENDA**

Call to Order  
Introductions  
Minutes of the 2021 Annual Meeting  
Governance Committee Report  
By-Law Changes  
Auditors Report  
Financial Report  
Board Chair Report  
Appointment of Auditors  
CEO Report  
New Business and Question Period  
Long Service Awards  
Adjournment



2022

# FINANCIAL REPORT



Report of the independent auditor on the summary consolidated financial statements

**Rosenort Credit Union Limited**  
**Summary Consolidated Financial Statements**  
*For the Year Ended September 30, 2022*

## Report of the Independent Auditor on the Summary Consolidated Financial Statements

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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, 2022, 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, 2022.

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 8, 2022.

### 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 8, 2022



Chartered Professional Accountants

# Rosenort Credit Union Limited

## Summary Consolidated Statement of Financial Position

As at September 30, 2022

	2022	2021
<b>Assets</b>		
Funds on hand and on deposit	11,272,307	55,899,492
Investments	93,500,497	61,286,035
Loans to members	546,905,025	531,340,373
Investment in joint arrangement	978,671	872,109
Prepaid expenses and deposits	401,644	257,050
Property, equipment and intangible assets	1,062,517	1,213,091
Deferred tax assets	166,232	166,232
	<b>654,286,893</b>	<b>651,034,382</b>
<b>Liabilities</b>		
Members' savings and deposits	603,002,123	605,930,800
Income taxes payable	504,867	101,351
Accounts payable	546,286	486,910
Lease liabilities	536,460	596,252
Members' shares	595,003	588,678
	<b>605,184,739</b>	<b>607,703,991</b>
<b>Members' equity</b>		
Members' shares	6,718,335	6,856,467
Provision for issue of surplus shares	68,319	38,481
Provision for issue of preference shares	159,143	119,180
Retained surplus	42,156,357	36,316,263
	<b>49,102,154</b>	<b>43,330,391</b>
	<b>654,286,893</b>	<b>651,034,382</b>

### Approved on behalf of the Board

"Signed by Marcus Enns", Director

"Signed by Mike Wolfe", Director

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](http://www.rcu.ca).

**Rosenort Credit Union Limited**  
**Summary Consolidated Statement of Comprehensive Income**  
*For the Year Ended September 30, 2022*

	2022	2021
<b>Financial income</b>		
Interest from loans to members	17,088,677	14,168,698
Investment income	2,610,447	1,514,805
	19,699,124	15,683,503
<b>Cost of funds</b>	9,021,862	7,017,992
<b>Financial margin</b>	10,677,262	8,665,511
<b>Operating expenses</b>		
Administration	1,046,162	1,134,609
Member security	524,686	500,566
Occupancy	336,600	371,956
Organizational	223,570	192,512
Personnel	2,359,381	1,956,271
<b>Gross operating expenses</b>	4,490,399	4,155,914
<b>Other income</b>	(1,780,480)	(1,655,799)
<b>Income from operations before provision for loan losses, distribution to members and income taxes</b>	7,967,343	6,165,396
Provision for loan losses	180,000	120,000
<b>Income before distribution to members and income taxes</b>	7,787,343	6,045,396
Distribution to members	13,388	7,358
<b>Income before provision for income taxes</b>	7,773,955	6,038,038
<b>Provision for income taxes</b>	1,768,532	1,191,825
<b>Total comprehensive income for the year</b>	6,005,423	4,846,213

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# Rosenort Credit Union Limited

## Summary Consolidated Statement of Changes in Members' Equity

*For the Year Ended September 30, 2022*

	<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>
<b>Balance September 30, 2020</b>	<b>7,241,655</b>	<b>53,838</b>	<b>162,666</b>	<b>31,590,647</b>	<b>39,048,806</b>
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)
<b>Balance September 30, 2021</b>	<b>6,856,467</b>	<b>38,481</b>	<b>119,180</b>	<b>36,316,263</b>	<b>43,330,391</b>
Net income for the year	-	-	-	6,005,423	6,005,423
Distribution to members	-	68,319	159,143	(165,329)	62,133
Issue of members' shares	44,176	(38,481)	(119,180)	-	(113,485)
Redemption of members' shares	(175,983)	-	-	-	(175,983)
Transfer from liabilities	(6,325)	-	-	-	(6,325)
<b>Balance September 30, 2022</b>	<b>6,718,335</b>	<b>68,319</b>	<b>159,143</b>	<b>42,156,357</b>	<b>49,102,154</b>

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**Rosenort Credit Union Limited**  
**Summary Consolidated Statement of Cash Flows**  
*For the Year Ended September 30, 2022*

	2022	2021
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Interest received from loans to members	16,483,946	14,133,284
Interest received from investments	2,504,753	1,554,724
Other income received	1,573,928	1,418,292
Operating expenses paid	(4,418,137)	(3,820,973)
Interest paid on deposits	(6,790,198)	(8,597,354)
Income taxes paid	(1,365,016)	(1,374,410)
	7,989,276	3,313,563
<b>Financing activities</b>		
Net change in members' savings and deposits	(5,160,343)	59,598,659
Issuance of members' shares	5,695	3,115
Redemption of members' shares	(175,983)	(367,712)
Distribution to members	(70,435)	(132,961)
Decrease in bank indebtedness	-	(6,342,112)
Lease liability payments	(59,792)	(57,647)
	(5,460,858)	52,701,342
<b>Investing activities</b>		
Net change in loans to members	(15,139,921)	(44,444,104)
Net change in investments	(32,108,768)	41,710,135
Purchases of property, equipment and intangible assets	(6,914)	(76,324)
Dividend received from joint arrangement	100,000	100,000
	(47,155,603)	(2,710,293)
<b>Increase (decrease) in cash resources</b>	(44,627,185)	53,304,612
<b>Cash resources, beginning of year</b>	55,899,492	2,594,880
<b>Cash resources, end of year</b>	11,272,307	55,899,492

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# **Rosenort Credit Union Limited**

## **Notes to the Summary Consolidated Financial Statements**

*For the Year Ended September 30, 2022*

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### **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, 2022 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, 2022 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, 2022, which contain the information detailing the calculation.