

**2023**

# **ANNUAL REPORT**

WORKING TOGETHER FOR THE  
BENEFIT OF ALL MEMBERS



A YEAR'S OVERVIEW

# MESSAGE FROM THE BOARD CHAIR

As we look back on 2023, most of the global and national challenges of the previous year continued, including high inflation, increased housing and food costs, and ongoing interest rate hikes. We are keenly aware of the financial strain these factors have put on our members and their families and continue to provide you with the very best loan and deposit rates possible as we strive to fulfill our mission of "helping people help themselves."

Despite the economic challenges highlighted above, I am pleased to report that 2023 has been another banner year for the Rosenort Credit Union. For the fifth consecutive year, your credit union has achieved a record level of income. During the 2023 fiscal year, net income grew by 33% compared to the previous year, reaching a total of \$7.99 million. As for some of the other main financial performance indicators, assets grew by 10.44%, loans by 11.13% and deposits by 9.9%. The predominant driver of income is the superior operational efficiency of Rosenort Credit Union which is unmatched in the Manitoba Credit Union system. 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 17 credit unions remaining in the Manitoba system after 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. We are committed to following the cooperative principles and never taking our members for granted.

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 challenging economic 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

2023

# 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, 2023*

## 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, 2023, 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, 2023.

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 December 19, 2023.

### 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

December 19, 2023



Chartered Professional Accountants

MNP LLP

True North Square

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# Rosenort Credit Union Limited

## Summary Consolidated Statement of Financial Position

As at September 30, 2023

	2023	2022
<b>Assets</b>		
Funds on hand and on deposit	9,184,141	11,272,307
Investments	102,332,128	93,500,497
Loans to members	607,772,890	546,905,025
Investment in joint arrangement	1,058,237	978,671
Prepaid expenses and deposits	234,977	401,644
Property, equipment and intangible assets	1,672,573	1,062,517
Deferred tax assets	307,200	166,232
	<b>722,562,146</b>	<b>654,286,893</b>
<b>Liabilities</b>		
Members' savings and deposits	662,695,711	603,002,123
Income taxes payable	1,092,542	504,867
Accounts payable	1,053,622	546,286
Lease liabilities	703,161	536,460
Members' shares	424,614	595,003
	<b>665,969,650</b>	<b>605,184,739</b>
<b>Members' equity</b>		
Members' shares	6,358,316	6,718,335
Provision for issue of surplus shares	87,954	68,319
Provision for issue of preference shares	209,891	159,143
Retained surplus	49,936,335	42,156,357
	<b>56,592,496</b>	<b>49,102,154</b>
	<b>722,562,146</b>	<b>654,286,893</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, 2023*

	2023	2022
<b>Financial income</b>		
Interest from loans to members	31,563,353	17,088,677
Investment income	5,600,399	2,610,447
	<b>37,163,752</b>	19,699,124
<b>Cost of funds</b>	<b>22,148,992</b>	9,021,862
<b>Financial margin</b>	<b>15,014,760</b>	10,677,262
<b>Operating expenses</b>		
Administration	2,108,340	1,046,162
Member security	550,159	524,686
Occupancy	353,798	336,600
Organizational	247,268	223,570
Personnel	2,722,767	2,359,381
<b>Gross operating expenses</b>	<b>5,982,332</b>	4,490,399
<b>Other income</b>	<b>(1,991,112)</b>	(1,780,480)
<b>Income from operations before provision for loan losses, distribution to members and income taxes</b>	<b>11,023,540</b>	7,967,343
Provision for loan losses	180,000	180,000
<b>Income before distribution to members and income taxes</b>	<b>10,843,540</b>	7,787,343
Distribution to members	12,738	13,388
<b>Income before provision for income taxes</b>	<b>10,830,802</b>	7,773,955
<b>Provision for income taxes</b>	<b>2,839,845</b>	1,768,532
<b>Total comprehensive income for the year</b>	<b>7,990,957</b>	6,005,423

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# Rosenort Credit Union Limited

## Summary Consolidated Statement of Changes in Members' Equity

*For the Year Ended September 30, 2023*

	<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, 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>
Net income for the year	-	-	-	7,990,957	7,990,957
Distribution to members	-	87,954	209,891	(210,979)	86,866
Issue of members' shares	73,239	(68,319)	(159,143)	-	(154,223)
Redemption of members' shares	(603,647)	-	-	-	(603,647)
Transfer to liabilities	170,389	-	-	-	170,389
<b>Balance September 30, 2023</b>	<b>6,358,316</b>	<b>87,954</b>	<b>209,891</b>	<b>49,936,335</b>	<b>56,592,496</b>

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**Rosenort Credit Union Limited**  
**Summary Consolidated Statement of Cash Flows**  
*For the Year Ended September 30, 2023*

	2023	2022
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Interest received from loans to members	30,940,508	16,483,946
Interest received from investments	5,361,299	2,504,753
Other income received	1,811,556	1,573,928
Operating expenses paid	(5,150,843)	(4,418,137)
Interest paid on deposits	(12,485,046)	(6,790,198)
Income taxes paid	(2,385,233)	(1,365,016)
	<b>18,092,241</b>	<b>7,989,276</b>
<b>Financing activities</b>		
Net change in members' savings and deposits	50,029,642	(5,160,343)
Issuance of members' shares	4,920	5,695
Redemption of members' shares	(603,647)	(175,983)
Distribution to members	(85,015)	(70,435)
Lease liability payments	(62,940)	(59,792)
	<b>49,282,960</b>	<b>(5,460,858)</b>
<b>Investing activities</b>		
Net change in loans to members	(60,425,020)	(15,139,921)
Net change in investments	(8,592,531)	(32,108,768)
Purchases of property, equipment and intangible assets	(545,816)	(6,914)
Dividend received from joint arrangement	100,000	100,000
	<b>(69,463,367)</b>	<b>(47,155,603)</b>
<b>Decrease in cash resources</b>	<b>(2,088,166)</b>	<b>(44,627,185)</b>
<b>Funds on hand and on deposit, beginning of year</b>	<b>11,272,307</b>	<b>55,899,492</b>
<b>Funds on hand and on deposit, end of year</b>	<b>9,184,141</b>	<b>11,272,307</b>

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# Rosenort Credit Union Limited

## Notes to the Summary Consolidated Financial Statements

*For the Year Ended September 30, 2023*

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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, 2023 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, 2023 established by the Deposit Guarantee Corporation of Manitoba in its Standards of Sound Business Practice.

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, 2023, which contain the information detailing the calculation.