

2024
ANNUAL REPORT

COMMITTED TO SERVING
MEMBERS BETTER



A YEAR'S OVERVIEW

MESSAGE FROM THE BOARD CHAIR

Board of Directors Report 2024

I am pleased to report that 2024 has been another banner year for the Rosenort Credit Union. For the sixth consecutive year, your credit union has achieved a record level of income, reaching a total of \$9.04 million. As for some of the other main financial performance indicators, assets grew by 5.9%, loans by 10.7% and deposits by 5.2%. In the financial sector, operational efficiency is quantified as a percentage and is a measure of what it costs the financial institution to generate one dollar of revenue. As an example, if a credit union has an efficiency ratio of 70%, this means it costs that credit union 70 cents to generate one dollar in revenue. As you can see, the lower the percentage, the better. The average efficiency ratio among all credit unions in Manitoba is currently around 72%. During the last year, Rosenort Credit Union had an average efficiency ratio of 33%. This impressive result, along with the significant growth in key financial indicators, is 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. The recent announcement of the merger between Assiniboine Credit Union, Westoba Credit Union and Caisse Financial Group is another example of this. Mergers typically lead to consolidation of resources and ultimately to branch closures. The Board of Rosenort Credit Union is interested in serving our members in the communities where they live, and as such, I am pleased to announce that we have purchased a property in Morden with plans to open a branch in 2025. This would be our fourth branch in total and we are excited for the opportunity to better serve our members in the Pembina Valley. 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

2024

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, 2024



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, 2024, 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, 2024.

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 1, 2024.

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 1, 2024

MNP LLP

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, 2024

	2024	2023
Assets		
Funds on hand and on deposit	83,021,795	9,184,141
Investments	5,533,976	102,332,128
Loans to members	672,593,544	607,772,890
Investment in joint arrangement	1,076,254	1,058,237
Prepaid expenses and deposits	529,266	234,977
Property, equipment and intangible assets	2,278,788	1,672,573
Deferred tax assets	378,700	307,200
	765,412,323	722,562,146
Liabilities		
Members' savings and deposits	697,374,712	662,695,711
Income taxes payable	380,352	1,092,542
Accounts payable	1,602,726	1,053,622
Lease liabilities	620,147	703,161
Members' shares	750,671	424,614
	700,728,608	665,969,650
Members' equity		
Members' shares	5,611,415	6,358,316
Provision for issue of surplus shares	88,149	87,954
Provision for issue of preference shares	193,076	209,891
Retained surplus	58,791,075	49,936,335
	64,683,715	56,592,496
	765,412,323	722,562,146

Approved on behalf of the Board

Signed by Mike Wolfe, Director

Signed by Marcus Enns, Director

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

Rosenort Credit Union Limited

Summary Consolidated Statement of Comprehensive Income

For the Year Ended September 30, 2024

	2024	2023
Financial income		
Interest from loans to members	38,386,666	31,563,353
Investment income	4,292,721	5,600,399
	42,679,387	37,163,752
Cost of funds	26,498,533	22,148,992
Financial margin	16,180,854	15,014,760
Operating expenses		
Administration	1,286,645	2,108,340
Member security	582,787	550,159
Occupancy	426,937	353,798
Organizational	205,742	247,268
Personnel	3,170,198	2,722,767
Gross operating expenses	5,672,309	5,982,332
Other income	(2,065,813)	(1,991,112)
Income from operations before provision for loan losses, distribution to members and income taxes	12,574,358	11,023,540
Provision for loan losses	240,000	180,000
Income before distribution to members and income taxes	12,334,358	10,843,540
Distribution to members	22,520	12,738
Income before provision for income taxes	12,311,838	10,830,802
Provision for income taxes	3,268,242	2,839,845
Total comprehensive income for the year	9,043,596	7,990,957

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Rosenort Credit Union Limited
Summary Consolidated Statement of Changes in Members' Equity

For the Year Ended September 30, 2024

	<i>Members'</i> <i>shares</i>	<i>Provision for</i> <i>Issue of Surplus</i> <i>Shares</i>	<i>Provision</i> <i>for Issue of</i> <i>Preference</i> <i>Shares</i>	<i>Retained</i> <i>surplus</i>	<i>Total equity</i>
Balance September 30, 2022	6,718,335	68,319	159,143	42,156,357	49,102,154
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 from liabilities	170,389	-	-	-	170,389
Balance September 30, 2023	6,358,316	87,954	209,891	49,936,335	56,592,496
Net income for the year	-	-	-	9,043,596	9,043,596
Distribution to members	-	88,149	193,076	(188,856)	92,369
Issue of members' shares	92,689	(87,954)	(209,891)	-	(205,156)
Redemption of members' shares	(513,533)	-	-	-	(513,533)
Transfer to liabilities	(326,057)	-	-	-	(326,057)
Balance September 30, 2024	5,611,415	88,149	193,076	58,791,075	64,683,715

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Rosenort Credit Union Limited

Summary Consolidated Statement of Cash Flows

For the Year Ended September 30, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating activities		
Interest received from loans to members	37,852,944	30,940,508
Interest received from investments	4,721,194	5,361,299
Other income received	1,847,796	1,811,556
Operating expenses paid	(5,177,860)	(5,150,843)
Interest paid on deposits	(23,736,423)	(12,485,046)
Income taxes paid	(4,051,932)	(2,385,233)
	11,455,719	18,092,241
Financing activities		
Net change in members' savings and deposits	31,916,891	50,029,642
Issuance of members' shares	4,735	4,920
Redemption of members' shares	(513,533)	(603,647)
Distribution to members	(157,761)	(85,015)
Lease liability payments	(83,014)	(62,940)
	31,167,318	49,282,960
Investing activities		
Net change in loans to members	(64,526,932)	(60,425,020)
Net change in investments	96,369,679	(8,592,531)
Purchases of property, equipment and intangible assets	(828,130)	(545,816)
Dividend received from joint arrangement	200,000	100,000
	31,214,617	(69,463,367)
Increase (decrease) in cash resources	73,837,654	(2,088,166)
Funds on hand and on deposit, beginning of year	9,184,141	11,272,307
Funds on hand and on deposit, end of year	83,021,795	9,184,141

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

Rosenort Credit Union Limited

Notes to the Summary Consolidated Financial Statements

For the Year Ended September 30, 2024

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, 2024 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, 2024 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, 2024, which contain the information detailing the calculation.