
Financial information of Carpathia Credit Union Limited

June 30, 2023

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Compilation Engagement Report

To the Members of
Carpathia Credit Union

On the basis of information provided by management, we have compiled the balance sheet of Carpathia Credit Union Limited as at June 30, 2023, the statements of income and comprehensive income and retained earnings for the year then ended and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information and other explanatory information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.



Chartered Professional Accountants
Winnipeg, Manitoba
September 28, 2023

Carpathia Credit Union Limited
Statement of financial position
As at June 30, 2023

	Notes	2023	2022
		\$	\$
Assets			
Cash and cash equivalents		21,585,743	11,070,984
Income taxes recoverable		-	311,958
Other assets		250,759	176,533
Investments		112,528,352	100,317,397
Loans to members	2	443,924,301	463,342,366
Property, equipment and intangible assets	5	5,999,448	6,313,981
Assets held for sale		2,651,750	2,651,750
Right-of-use assets		291,394	357,964
		587,231,747	584,542,933
Liabilities			
Accounts payable and other liabilities		830,612	745,716
Members' deposits	3	556,365,393	555,032,650
Lease liabilities		314,459	382,503
		557,510,464	556,160,869
Members' equity			
Contributed surplus		6,040,523	6,040,523
Members' shares	4	453,215	466,273
Retained earnings		23,227,545	21,875,268
		29,721,283	28,382,064
		587,231,747	584,542,933

The accompanying notes are an integral part of the financial information.

Approved by the Board

_____, Director

_____, Director

Carpathia Credit Union Limited
Statement of income and comprehensive income
6 months ended June 30, 2023

	Notes	2023 (6 months) \$	2022 (12 months) \$
Revenue			
Interest on loans to members		8,463,133	14,595,061
Investment income:			
Liquidity deposits		3,075,058	3,716,782
CUCM shares		203,818	188,990
Interest rate swap		-	67,148
		11,742,009	18,567,981
Cost of funds			
Interest paid to members		7,052,682	9,017,625
Interest paid on borrowings		-	1,087
Interest paid on interest rate swap		-	249,238
		7,052,682	9,267,950
Financial margin		4,689,327	9,300,031
Operating expenses			
Personnel		2,443,204	4,016,647
Administration		1,120,803	2,070,875
Occupancy		900,747	2,043,971
Member security		257,536	528,802
Organizational		181,708	279,123
		4,903,998	8,939,418
Other income	6	(777,491)	(1,800,786)
Net operating expenses		4,126,507	7,138,632
Income from operations before the following		562,820	2,161,399
(Recovery) provision for impaired loans	2	(789,457)	5,605,319
Impairment loss on assets held for sale		-	827,197
Income (loss) before provision for income taxes		1,352,277	(4,271,117)
Provision (recovery) for deferred income taxes		-	301,900
Net income (loss) and comprehensive income (loss)		1,352,277	(4,573,017)

The accompanying notes are an integral part of the financial information.

Carpathia Credit Union Limited
Statement of changes in members' equity
6 months ended June 30, 2023

	Contributed surplus	Members' shares \$	Retained earnings \$	Total \$
Balance January 1, 2022	6,040,523	483,563	26,465,705	32,989,791
Net loss and comprehensive loss	—	—	(4,573,017)	(4,573,017)
Distribution to members	—	—	(17,420)	(17,420)
Issue of members' shares	—	2,505	—	2,505
Redemption of members' shares	—	(19,795)	—	(19,795)
Balance December 31, 2022	6,040,523	466,273	21,875,268	28,382,064
Net income and comprehensive income	—	—	1,352,277	1,352,277
Issue of members' shares	—	1,010	—	1,010
Redemption of members' shares	—	(14,068)	—	(14,068)
Balance June 30, 2023	6,040,523	453,215	23,227,545	29,721,283

The accompanying notes are an integral part of the financial information.

Carpathia Credit Union Limited
Notes to the financial information
June 30, 2023

1. Description of the basis of accounting

The basis of accounting applied in the preparation of the balance sheet of Carpathia Credit Union Limited as at June 30, 2023 and the statement of earnings for the 6 months then ended is on the historical cost basis, reflecting cash transactions with the addition of:

- Income taxes recoverable;
- Other assets including prepaid expenses and accounts receivable less an allowance for doubtful accounts;
- Investments at fair value;
- Derivative financial instruments at fair value;
- Loans to members at amortized cost with a provision for credit losses;
- Property, plant and equipment amortized over their useful life, based on the following methods:

Buildings	3.50% to 10%
Furniture and equipment	10% to 25%
Computer equipment	25% to 33%
Computer software	10%
Paved lot	8%

- Assets held for sale;
- Right-of-use assets amortized over the term of the lease;
- Accounts payable and other liabilities;
- Member deposits at amortized cost;
- Lease liabilities at present value of lease payments; and
- Revenue recorded over the period the services are performed.

2. Loans to members

	2023	2022
	\$	\$
Consumer		
Mortgages	270,244,408	280,956,191
Term loans	3,073,876	3,251,578
Lines of credit and overdrafts	10,657,834	10,558,528
Commercial		
Mortgages	154,021,110	163,529,752
Term loans	4,204,294	4,680,438
Lines of credit and overdrafts	3,868,194	3,778,815
	446,069,716	466,755,302
Accrued interest receivable	915,291	937,227
	446,985,007	467,692,529
Allowance for impaired loans	3,060,706	4,350,163
Net loans to members	443,924,301	463,342,366

Carpathia Credit Union Limited
Notes to the financial statements
December 31, 2022

3. Members' deposits

	2023	2022
	\$	\$
Savings	165,780,486	181,325,245
Registered deposits	156,884,924	155,993,659
Term deposits	133,313,725	123,452,590
Chequing	95,693,705	90,741,592
Unclaimed accounts	36,055	36,055
	551,708,895	551,549,141
Accrued interest payable	4,656,498	3,483,509
	556,365,393	555,032,650

4. Members' shares

Shares	Authorized	Issued	2023		2022	
			Equity	Liability	Equity	Liability
Common	Unlimited	67,898	339,490	—	350,615	—
Surplus	Unlimited	113,725	113,725	—	115,658	—
			453,215	—	466,273	—

5. Property, equipment and intangible assets

	Cost	Accumulated depreciation	2023 Net book value	2022 Net book value
	\$	\$	\$	\$
Land	1,474,785	—	1,474,785	1,474,785
Buildings	7,108,188	4,376,211	2,731,977	2,833,839
Furniture and equipment	2,155,421	1,952,714	202,707	229,984
Computer equipment	1,201,947	1,172,099	29,848	56,684
Computer software	2,012,896	706,157	1,306,739	1,409,393
Paved lot	222,398	197,354	25,044	30,718
Leasehold improvements	1,074,230	845,882	228,348	278,578
	15,249,865	9,250,417	5,999,448	6,313,981

6. Other income

	2023	2022
	\$	\$
Canada Emergency Wage Subsidy	—	15,788
Service charges	463,395	1,174,430
Other	120,037	288,282
Commissions	98,517	211,388
Foreign exchange	95,542	110,898
	777,491	1,800,786