



Westminster Savings Foundation

ANNUAL REPORT | 2018

Report from the Board of Directors

The Westminster Savings Foundation (the foundation) is one of the largest credit union foundations in Canada and is committed to helping communities thrive. The foundation is proud to have celebrated a milestone in 2018 as charitable grants over the history of the foundation reached \$4 million. The foundation puts much-needed support into BC communities, enriching lives and making our communities healthier and more inclusive places to live.

We're passionate about supporting important arts and active living programming for families and youth. And many families in our communities face real financial barriers to becoming engaged in the arts or in sport and active living opportunities. So, with grants from the foundation, our aim is to break down these barriers to access, which is why we've partnered with three tremendous organizations in BC. Arts Umbrella, Special Olympics BC and KidSport BC are

each receiving \$75,000 annually from the foundation in a three year partnership from 2017 through 2019.

Funding for these organizations will support after-school arts programs for vulnerable children, enhance programs for athletes with intellectual disabilities and provide sports registration fees for kids who otherwise could not afford to participate. With these partnerships, as well as additional donations, the foundation invested more than \$319,000 into local communities in 2018. In addition, the foundation received a contribution in 2018 of \$500,000 from Westminster Savings Credit Union.



For more information on Westminster Savings in the community, visit: wscu.com/community

Official Community Partner: Special Olympics BC

With the support of the Westminster Savings Foundation, Special Olympics BC has been able to change lives throughout the Lower Mainland and beyond through the power and joy of sport. Our partnership directly supports over 1,000 athletes in Metro Vancouver annually to train, compete and take part in health training programs.

“It’s a place where I know I am accepted just as myself. It feels like family to me. I can be something great in Special Olympics.” – Langley athlete



Meet Special Olympics athlete Artisia Wong, one of the inspiring people behind our Official Community Partners





Official Community Partner: Arts Umbrella

We're helping to create arts access for low-income and at-risk youth in one of the fastest growing cities in B.C. To date, our partnership with Arts Umbrella has reached over 1,600 students from 27 schools in Surrey and is focused primarily on the creation of free or low-cost arts programming for youth in the central Surrey area. Not only do these programs create a safe after-school environment for kids at a disadvantage, they ignite creativity and lead to the development of essential life-long skills such as critical thinking, problem-solving and personal expression. These are skills that kids can hold on to forever.

“The Westminster Savings Artful Afternoons program was offered to students aged six to nineteen, from a variety of backgrounds, including low-income and new immigrants. Many students who felt stigmatized, isolated and anxious in school found a place where they belong at Arts Umbrella.”
- Paneet Singh, Arts Umbrella instructor



Kaliq is one of the students participating in after-school programs at Arts Umbrella. Watch our video to hear his thoughts on how art can help you express your feelings and “put your negative away”.

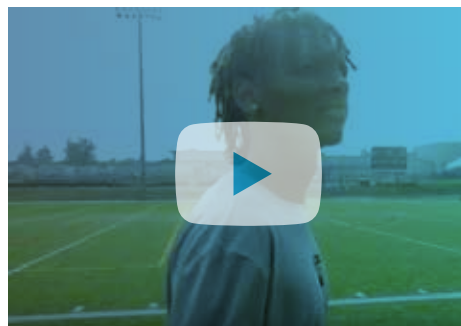




Official Community Partner: KidSport BC

KidSport has a mission to remove the financial barriers that prevent some children from playing organized sport. We're proud to directly support over 300 kids each year as the Official Community Partner of KidSport BC. Participation in sport builds stronger communities by bringing people together, building social capital and fostering greater inclusion of marginalized groups.

“Helping children become active is huge for development in all aspects of their lives. Giving chances for everyone to play sports growing up helps Canada become healthier at a younger age and provides endless opportunities for kids to discover their dreams. Extra help goes a long way in giving Canada’s next generation a head start at discovering sport.” - Maëlle Ricker, Olympic snowboarder



“When I didn’t have a way to get into anything, KidSport was right there behind me.” Meet Severio, former New West Hyacks football player, and watch his amazing play in the BC provincial finals!



Community Impact

In 2018, in addition to supporting our three Official Community Partners, the Westminster Savings Foundation was honoured to provide a set of additional grants to local charities. Here are some examples of our impact:



Canucks Autism Network

Our support has helped 950 individuals and families impacted by autism engage in sporting activities through the I CAN Play program. *“At the Canucks Autism Network I CAN Play activities and events, I feel I can truly let go as a parent. I can watch with joy and delight as my boy has the time of his life in an environment where sportsmanship looks different and so does coaching, teamwork, support and celebration. Thank you for this. It means the world.”*
- Canucks Autism Network parent



The ACT Arts Centre

Through subsidized programs and bursaries, our support of the Maple Ridge ACT Arts Centre allowed over 4,000 individuals to experience arts performances and programs in 2018. This support provides opportunities that otherwise would not have been available, connects people to their community and provides knowledge, enjoyment and learning through the arts.



Evergreen Cultural Centre

One of the most successful ways to engage children in the arts through to adulthood is to engage their parents along with them. With a grant from the foundation, over 260 families in the Tri-Cities gained access to low-cost workshops throughout 2018. With these shared experiences, children witness first-hand the value that parents place on the arts in their lives.



South Vancouver Family Place

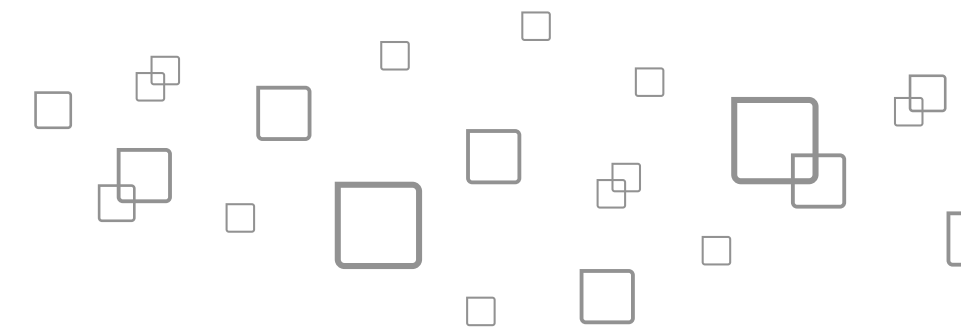
Our relationship with South Vancouver Family Place is supporting over 500 families each year. As the community grows and thrives, the Family Place Drop-In continues to be a welcoming and safe place for families to share the experience of parenthood. Participants make life-long connections and these relationships in turn strengthen and build community.



About the Westminster Savings Foundation

Westminster Savings Foundation is guided by a dedicated board of directors and senior executives of Westminster Savings Credit Union (the credit union) and is a registered charity with the Canada Revenue Agency. In December 1992 the foundation was incorporated under the former B.C. Society Act and in June 2017 transitioned to the new B.C. Societies Act, which came into force on November 28, 2016.

The Westminster Savings Foundation has contributed more than \$4 million in financial support to local organizations since its incorporation in 1992, and has \$9.5 million in assets as at December 31, 2018. The foundation receives all of its capital from the credit union and income earned on this capital helps fund donations to a variety of charitable organizations in our communities each year. In 2018, the credit union made a contribution of \$500,000 to the foundation.



Financial statements of Westminster Savings Foundation

YEAR ENDED DECEMBER 31, 2018

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Westminster Savings Foundation

Opinion

We have audited the financial statements of Westminster Savings Foundation (the Entity),

which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations and fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2018 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards from not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary

to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.



Chartered Professional Accountants

February 27, 2019
Vancouver, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

Statement of financial position


Year ended December 31, 2018, with comparative information for 2017

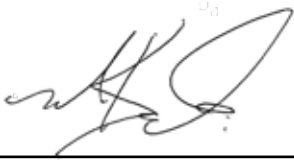
	Note	2018	2017
Assets			
Current assets:			
Cash and cash equivalents		\$ 676,398	\$ 274,909
Interest receivable		64,030	64,886
Dividends receivable		13,161	11,942
Short-term investments	4	-	200,000
		753,589	551,737
Investments:			
Term deposits and fixed income investments	4	5,485,267	5,310,324
Preferred shares	4	3,258,177	3,358,963
		8,743,444	8,669,287
		\$ 9,497,033	\$ 9,221,024
Liabilities and Fund Balances			
Fund balances:			
Non-restricted fund		\$ (5,217)	\$ 218,774
Restricted fund		9,502,250	9,002,250
		9,497,033	9,221,024
		\$ 9,497,033	\$ 9,221,024

Commitments note 9

The accompanying notes form an integral part of these financial statements.

Approved on behalf of the board:


 Director
 Rita Virk, Chair


 Director
 Maury Kask, President

Statement of operations and fund balances

Year ended December 31, 2018, with comparative information for 2017

	Note	2018			2017		
		Non-restricted	Restricted	Total	Non-restricted	Restricted	Total
Revenues:							
Interest		\$ 198,714	\$ -	\$ 198,714	\$ 216,729	\$ -	\$ 216,729
Dividends		164,401	-	164,401	67,969	-	67,969
Gain on sale of investments		4,480	-	4,480	-	-	-
Unrealized (losses) gains on investments		(272,036)	-	(272,036)	64,796	-	64,796
Donation from Westminster Savings Credit Union	7	-	500,000	500,000	-	250,000	250,000
Expenditures:							
Community grants	5	(319,550)	-	(319,550)	(317,430)	-	(317,430)
(Deficiency) surplus of revenues over expenditures		(223,991)	500,000	276,009	32,064	250,000	282,064
Interfund transfers	6	-	-	-	400,000	(400,000)	-
Fund balance (deficit), beginning of year		218,774	9,002,250	9,221,024	(213,290)	9,152,250	8,938,960
Fund balance (deficit), end of year		\$ (5,217)	\$ 9,502,250	\$ 9,497,033	\$ 218,774	\$ 9,002,250	\$ 9,221,024

The accompanying notes form an integral part of these financial statements.

Statement of cash flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Surplus of revenues over expenditures	\$ 276,009	\$ 282,064
Items not affecting cash:		
Unrealized losses/(gains) on investments	272,036	(64,796)
Gain on sale of investments	(4,480)	-
Changes in non-cash operating items:		
Interest receivable	856	(18,764)
Dividends receivable	(1,219)	(11,942)
Accounts payable	-	(100,000)
Net cash provided by operating activities	543,202	86,562
Investing activities:		
Purchase of term deposits and fixed income investments	(244,329)	(2,014,629)
Purchase of preferred shares	(2,187,500)	(3,294,167)
Sale of preferred shares	2,020,730	-
Sale of term deposits	269,386	5,465,361
Net cash (used in) provided by investing activities	(141,713)	156,565
Increase in cash and cash equivalents	401,489	243,127
Cash and cash equivalents, beginning of year	274,909	31,782
Cash and cash equivalents, end of year	\$ 676,398	\$ 274,909

The accompanying notes form an integral part of these financial statements.

Notes to financial statements

Year ended December 31, 2018

1. Purpose of the foundation:

Westminster Savings Foundation (the foundation) was incorporated under the former *British Columbia Society Act* in December 1992 and transitioned to the new *Societies Act (British Columbia)* in 2017, to create a permanent source of funds to support various organizations and activities that work to improve the quality of life within the general trade area of Westminster Savings Credit Union (the credit union).

The foundation is registered as a tax-exempt charity with Canada Revenue Agency under Paragraph 149(1)(f) of the *Income Tax Act*.

2. Significant accounting policies:

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook.

(a) Fund accounting:

The foundation follows the restricted fund method of accounting for contributions.

- (i) **Restricted fund:** All funds to the foundation are donated by the credit union and are deemed to be permanent at the time of the donation. These funds are restricted for a minimum of a ten-year period, after which funds may be transferred to the unrestricted fund with the Board of Directors' (the board) approval. The board exercises discretionary control over the investment of these restricted funds according to the foundation's Statement of Investment Policy as approved by the board.
- (ii) **Unrestricted fund:** Investment income earned is reported in the unrestricted fund. Unrestricted funds are available for the foundation's support of community organizations through community grants. The cost of these activities is reported in the operating expenses of the unrestricted fund. The board may, under certain conditions, transfer funds from the restricted fund to the unrestricted fund as per note 2(a)(i).

(b) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(c) Financial instruments:

The foundation's financial instruments consist of cash and cash equivalents, interest and dividend receivable, investments and accounts payable.

(i) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and term deposits, which are highly liquid with original maturities of less than three months.

(ii) Investments:

a. Short-term investments:

Short-term investments include term deposits with terms to maturity between three months and less than one year.

b. Long-term investments:

Long-term investments include term deposits and fixed income investments with terms to maturity greater than one year and preferred shares with no specific maturity.

Notes to financial statements

Year ended December 31, 2018

2. Significant accounting policies (continued):

(c) Financial instruments (continued):

All financial instruments are initially measured at fair value and subsequently measured as follows:

Assets/Liabilities	Measurement
Cash	Fair value
Preferred shares	Fair value
Term deposits	Amortized cost
Fixed income investments	Amortized cost
Interest receivable	Amortized cost
Dividend receivable	Amortized cost
Accounts payable	Amortized cost

Financial instruments subsequently measured at amortized cost are adjusted by transaction costs and financing costs incurred on acquisition, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the foundation expects to realize by exercising its right to any collateral.

If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Realized and unrealized gains and losses for financial assets carried at fair value are classified as realized and unrealized gains and losses in the statement of operations.

(d) Revenue recognition:

Contributions to the restricted or unrestricted fund are recognized as revenue when they are received or receivable, provided the amounts are measurable and collection is reasonably assured.

Interest on investments is recorded on an accrual basis. Dividends that have been declared are recorded as income on the date of record set for the dividend. Fair value changes in investments is recognized separately and comprises realized and unrealized gains and losses on investments.

All investment and interest income earned on funds is recognized as revenue in the unrestricted fund.

(e) Grants:

Grants are recorded when paid by the foundation.

(f) Donated services:

The foundation benefits from donated services in the form of volunteer time for various committees and administration from the credit union. Due to the difficulty of determining their fair value, donated services are not recognized in these financial statements.

(g) Related party transactions:

Related party transactions occur in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Details of related party transactions are disclosed in note 7.

Notes to financial statements

Year ended December 31, 2018

3. Operations:

The foundation is managed by a board that consists of members of the credit union's Board of Directors as well as senior managers of the credit union. The foundation intends to use the income generated from investments to provide support to community organizations. The board of the foundation has determined that grants will be allocated in the following categories: arts, active living and other.

4. Investments:

The foundation has investments with the credit union and CIBC Wood Gundy. These include short-term investments, term deposits and fixed income investments, and preferred shares. The following are interest rates and maturity terms:

Short-term investments:

Maturity	Average rate	2018	2017
2018	2.18%	\$ -	\$ 200,000

Investments:

Maturity	Average rate	2018	2017
Term deposits and fixed income investments:			
2021	2.03%	\$ 121,250	\$ 121,250
2022	2.25%	200,000	-
2023	3.73%	953,740	960,502
2027	3.56%	2,032,345	2,036,016
2031	4.07%	2,177,932	2,192,556
		5,485,267	5,310,324
Preferred shares ¹	5.01%	3,258,177	3,358,963
		\$ 8,743,444	\$ 8,669,287

¹Preferred shares do not have a maturity date.

5. Community grants:

The following community grants were made during the year ended December 31, 2018:

Children's Arts Umbrella Association	\$ 75,000
KidSport British Columbia	75,000
Special Olympics British Columbia Society	75,000
The Art Starts in Schools Society	20,000
Canucks Autism Network Society	20,000
Maple Ridge and Pitt Meadows Arts Council	20,000
South Vancouver Family Place Society	20,000
Blind Beginnings Society	9,550
Evergreen Cultural Centre Society	5,000
	\$ 319,550

Notes to financial statements

Year ended December 31, 2018

5. Community grants (continued):

The following community grants were made during the year ended December 31, 2017:

Children's Arts Umbrella Association	\$ 75,000
KidSport British Columbia	75,000
Special Olympics British Columbia Society	75,000
Canucks Autism Network Society	20,000
Maple Ridge and Pitt Meadows Arts Council	20,000
South Vancouver Family Place Society	20,000
The Art Starts in Schools Society	20,000
Coquitlam Place des Arts Society	7,430
Evergreen Cultural Centre Society	5,000
	\$ 317,430

6. Interfund transfers:

Transfers between funds consist of the following:

	2018		2017	
	Non-restricted	Restricted	Non-restricted	Restricted
Interfund transfer	\$ -	\$ -	\$ 400,000	\$ (400,000)

7. Related parties:

The credit union is related to the foundation by virtue of its representation on the foundation's board. The credit union currently provides most personnel, facilities and administrative services necessary for the operation of the foundation.

Related party transactions as at December 31, 2018 and for the year then ended not separately disclosed in the financial statements include the following:

- The credit union maintains deposits on behalf of the foundation of \$823,724 (2017 - \$589,909).
- The credit union paid interest on these deposits of \$8,131 (2017 - \$56,951).
- The credit union donated \$500,000 (2017 - \$250,000) to the foundation.

Notes to financial statements

Year ended December 31, 2018

8. Financial risks:

The foundation manages its investment portfolio to earn investment income and invests according to a board approved Statement of Investment Policy. Investments in financial institutions and corporate institutions are highly liquid and can be disposed of to settle commitments. Term deposits held with the credit union are accessible when the term deposits mature. The investments are detailed in note 4.

Market risk is the risk that the fair value of an investment decreases due to changes in market conditions. The foundation is exposed to market risk on its investments in corporate bonds and preferred shares. This risk is mitigated by ensuring asset allocation targets are met and that investments are in compliance with all the investment criteria prescribed in the foundation's Investment Policy. The objective of market risk management is to monitor investments to identify market value fluctuations which indicate an investment is impaired.

Liquidity risk is the risk that the foundation will not be able to meet its financial obligations as they fall due. Since all the foundation's assets are held in investments that can be readily liquidated, the foundation's liquidity risk is considered minimal.

Credit risk is the risk of financial loss to the foundation when the credit quality of an investment deteriorates and the issuer of the financial instrument is unable to meet its contractual obligations. The foundation holds investments in corporate bonds, preferred shares and deposits, which potentially expose it to credit risk. The foundation does not consider there to be significant credit risk as its investments are held in large Canadian public entities with acceptable credit ratings. Credit risk is also considered low for deposit investments held with the credit union.

Interest rate risk is the risk that the foundation's investments will change in fair value due to future fluctuations in market interest rates. The foundation has an exposure to interest rate risk as a portion of its revenue is derived from interest on its fixed income investments. Management frequently reviews the interest rates to mitigate risk to the foundation.

The foundation is not involved in any hedging relationships and does not hold or use any derivative financial instruments for trading purposes.

9. Commitments:

The foundation has committed to support local organizations over the period of 2019 to 2020. At December 31, 2018, the future minimum payments are as follows:

	Community grants
No later than 1 year	\$ 310,000
Later than 1 year and not later than 5 years	20,000
Total	\$ 330,000

Westminster Savings Foundation Board of Directors

Board attendance in 2018

DIRECTOR	OFFICE HELD	BOARD MEETING	AGM	BOARD MEETING	DIRECTOR ATTENDANCE
		Feb 28, 2018	May 16, 2018	Sept 7, 2018	
Hanne Madsen ⁽²⁾	Chair	1	1	0	2
Art Van Pelt	Vice Chair	0	1	1	2
James R. Ensom ⁽⁴⁾	Director	1	-	-	1
Robert G. Shirra ⁽⁴⁾	Director	1	-	-	1
Rita Virk ⁽³⁾	Chair	-	1	1	2
Colin MacKinnon ⁽¹⁾	Director	-	1	1	2
Maury Kask	President	1	1	1	3
Mary Falconer	Secretary-Treasurer	1	1	1	3
		5	6	5	

(1) Appointed as Director as of May 16, 2018

(2) Ceased as Chair as of May 16, 2018

(3) Appointed as Chair as of May 16, 2018

(4) Ceased as Director as of April 17, 2018

Contact

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1 877 506 0100

wscu.com