



Westminster Savings Foundation

ANNUAL REPORT | 2019



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 disbursed \$4.5 million in charitable grants over its history thus far. 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 Arts Umbrella, Special Olympics BC and KidSport BC. Each are receiving \$75,000 annually from the foundation in a three year partnership from 2017 through 2019.

Funding for these organizations is supporting after-school arts programs for vulnerable children, enhancing programs for athletes with intellectual disabilities and providing 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 \$327,000 into local communities in 2019.



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 programs

“It is an opportunity to compete in different sports with my friends. It gives me confidence and new friendships. I feel like I am part of a team and my teammates feel like my family. When I win medals I get very excited and happy.”

– Special Olympics Surrey athlete



Watch Westminster Savings employees support Special Olympics athletes in the annual Polar Plunge at Kits beach.





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. Our partnership with Arts Umbrella 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.

“Having the ability to express yourself through the arts is the greatest gift and can even be a lifeline. It is something a child can carry forward, throughout their lives, something no one can take away. I am so thankful for Arts Umbrella and your kind gift. I assure you, it is making such a difference to my children.”

- Arts Umbrella parent



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”.

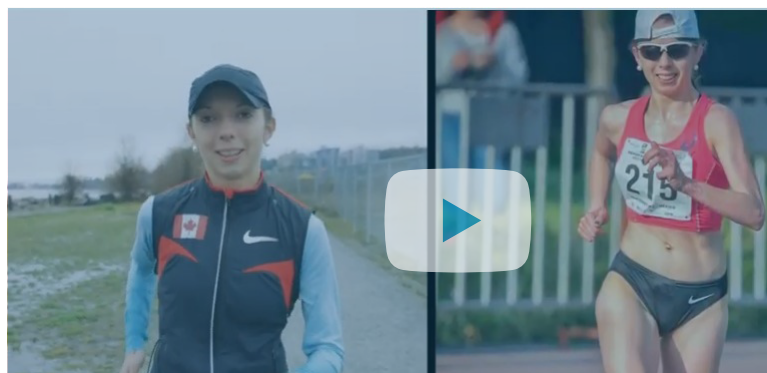


Official Community Partner: KidSport BC

KidSport has a mission to remove the financial barriers that prevent some children from playing organized sports. 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.

"KidSport is incredibly important to the development of athletes and kids who are involved with sport at any level. Not only is the funding crucial to offset the rising costs of sports but also it inspires kids to do and be more.."

- Emily Brydon, Olympian and KidSport Ambassador



Meet Katelynn, three time Canadian Champion in Race Walking and KidSport Ambassador, and hear why KidSport means "the entire world" to her.



Community Impact

In 2019, 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 2019. 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 250 families in the Tri-Cities gain access to low-cost workshops each year. With these shared experiences, children witness first-hand the value that parents place on the arts in their lives.



South Vancouver Family Place

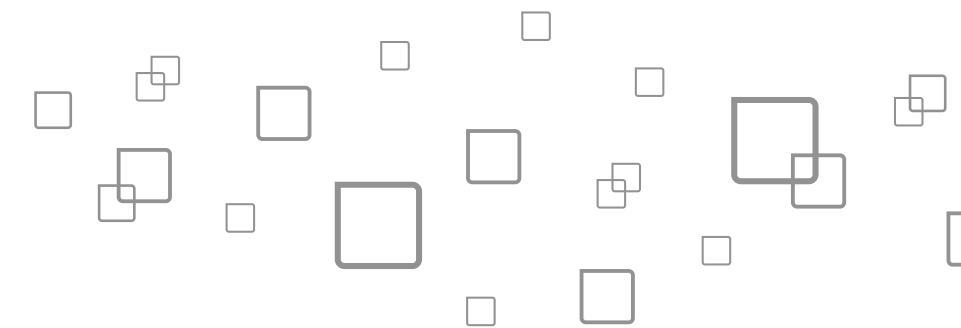
Our relationship with South Vancouver Family Place is supporting over 500 families each year. As the community grows and thrives, the Family Place Drop-In continues to be a welcoming and safe place for families to share the experience of parenthood. Participants make life-long connections and these relationships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



About the Westminster Savings Foundation

The 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 \$4.5 million in financial support to local organizations since its incorporation in 1992, and has \$9.6 million in assets as at December 31, 2019. 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.



Financial statements of Westminster Savings Foundation

YEAR ENDED DECEMBER 31, 2019

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, 2019
- 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, 2019 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

March 3, 2020
Vancouver, Canada

Statement of financial position

Year ended December 31, 2019, with comparative information for 2018

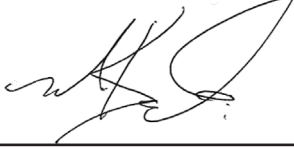
| | Note | 2019 | 2018 |
|--|------|--------------|--------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | | \$ 84,252 | \$ 676,398 |
| Interest receivable | | 57,981 | 64,030 |
| Dividends receivable | | 19,678 | 13,161 |
| Short-term investments | 4 | 205,766 | - |
| | | 367,677 | 753,589 |
| Investments: | | | |
| Term deposits and fixed income investments | 4 | 4,712,570 | 5,485,267 |
| Preferred shares | 4 | 4,512,230 | 3,258,177 |
| | | 9,224,800 | 8,743,444 |
| | | \$ 9,592,477 | \$ 9,497,033 |
| Liabilities and Fund Balances | | | |
| Fund balances: | | | |
| Non-restricted fund | | \$ 90,227 | \$ (5,217) |
| Restricted fund | | 9,502,250 | 9,502,250 |
| | | \$ 9,592,477 | \$ 9,497,033 |

Subsequent events 8

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, 2019, with comparative information for 2018

| | Note | 2019 | | | 2018 | | |
|--|------|----------------|--------------|--------------|----------------|--------------|--------------|
| | | Non-restricted | Restricted | Total | Non-restricted | Restricted | Total |
| Revenues: | | | | | | | |
| Interest | | \$ 198,993 | \$ - | \$ 198,993 | \$ 198,714 | \$ - | \$ 198,714 |
| Dividends | | 202,474 | - | 202,474 | 164,401 | - | 164,401 |
| Gain on sale of investments | | 13,240 | - | 13,240 | 4,480 | - | 4,480 |
| Unrealized gains (losses) on investments | | 8,303 | - | 8,303 | (272,036) | - | (272,036) |
| Donation from Westminster Savings Credit Union | 6 | - | - | - | - | 500,000 | 500,000 |
| Expenditures: | | | | | | | |
| Community grants | 5 | (327,566) | - | (327,566) | (319,550) | - | (319,550) |
| Surplus (deficiency) of revenues over expenditures | | 95,444 | - | 95,444 | (223,991) | 500,000 | 276,009 |
| Fund balance, beginning of year | | (5,217) | 9,502,250 | 9,497,033 | 218,774 | 9,002,250 | 9,221,024 |
| Fund balance, end of year | | \$ 90,227 | \$ 9,502,250 | \$ 9,592,477 | \$ (5,217) | \$ 9,502,250 | \$ 9,497,033 |

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

Statement of cash flows

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|-------------|-------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Surplus of revenues over expenditures | \$ 95,444 | \$ 276,009 |
| Items not affecting cash: | | |
| Unrealized (gains) losses on investments | (8,303) | 272,036 |
| Gain on sale of investments | (13,240) | (4,480) |
| Changes in non-cash operating items: | | |
| Premium amortization on fixed income investments | 25,057 | 25,057 |
| Interest receivable | 6,049 | 856 |
| Dividends receivable | (6,517) | (1,219) |
| Net cash provided by operating activities | 98,490 | 568,259 |
| Investing activities: | | |
| Purchase of preferred shares | (1,245,750) | (2,187,500) |
| Purchase of short-term investments | (205,766) | - |
| Sale of term deposits and fixed income investments | 760,880 | 269,386 |
| Sale of preferred shares | - | 2,020,730 |
| Purchase of term deposits and fixed income investments | - | (269,386) |
| Net cash used in investing activities | (690,636) | (166,770) |
| Increase (decrease) in cash and cash equivalents | (592,146) | 401,489 |
| Cash and cash equivalents, beginning of year | 676,398 | 274,909 |
| Cash and cash equivalents, end of year | \$ 84,252 | \$ 676,398 |

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

Notes to financial statements

Year ended December 31, 2019

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:

Short-term investments:

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

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, 2019

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 |

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, 2019

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:

| Maturity | Average rate | 2019 | 2018 |
|--|--------------|--------------|--------------|
| Short-term investments | | | |
| 2020 | 1.68% | \$ 205,766 | \$ - |
| Term deposits and fixed income investments | | | |
| 2021 | 2.03% | - | 121,250 |
| 2022 | 2.25% | 200,000 | 200,000 |
| 2023 | 3.73% | 946,977 | 953,740 |
| 2027 | 3.54% | 1,402,285 | 2,032,345 |
| 2031 | 4.07% | 2,163,308 | 2,177,932 |
| | | 4,712,570 | 5,485,267 |
| Preferred shares ¹ | 5.15% | 4,512,230 | 3,258,177 |
| | | \$ 9,430,566 | \$ 8,743,444 |

¹Preferred shares do not have a maturity date.

5. Community grants:

The following community grants were made during the year ended December 31, 2019:

| | 2019 | 2018 |
|---|------------|------------|
| Children's Arts Umbrella Association | \$ 75,000 | \$ 75,000 |
| KidSport British Columbia | 75,000 | 75,000 |
| Special Olympics British Columbia Society | 75,000 | 75,000 |
| The Art Starts in Schools Society | 20,000 | 20,000 |
| Canucks Autism Network Society | 20,000 | 20,000 |
| Maple Ridge and Pitt Meadows Arts Council | 20,000 | 20,000 |
| South Vancouver Family Place Society | 20,000 | 20,000 |
| Canuck Place Children's Hospice Society | 10,000 | - |
| Semiahmoo House Society | 7,566 | - |
| Evergreen Cultural Centre Society | 5,000 | 5,000 |
| Blind Beginnings Society | - | 9,550 |
| | \$ 327,566 | \$ 319,550 |

Notes to financial statements

Year ended December 31, 2019

6. 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, 2019 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 \$439,205 (2018 - \$823,724).
- The credit union paid interest on these deposits of \$6,110 (2018 - \$8,131).
- The credit union donated nil (2018 - \$500,000) to the foundation.
- The credit union sold preferred shares to the foundation at the fair market value of \$645,750 (2018 - nil).

7. 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 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.

8. Subsequent events:

Westminster Savings Credit Union and Prospera Credit Union amalgamated effective January 1, 2020 to form a single credit union that will operate under the name Prospera Credit Union ("New Prospera"). New Prospera is a related party to the foundation.

Westminster Savings Foundation Board of Directors

Board attendance in 2019

| DIRECTOR | OFFICE HELD | BOARD MEETING | AGM | BOARD MEETING | DIRECTOR ATTENDANCE |
|-----------------|---------------------|---------------|--------------|---------------|---------------------|
| | | Feb 27, 2019 | May 22, 2019 | Sept 9, 2019 | |
| Hanne Madsen | Vice Chair | 1 | 0 | 1 | 2 |
| Art Van Pelt | Director only | 1 | 1 | 1 | 3 |
| Rita Virk | Chair | 1 | 1 | 1 | 3 |
| Colin MacKinnon | Director only | 1 | 1 | 1 | 3 |
| Maury Kask | President | 1 | 1 | 1 | 3 |
| Mary Falconer | Secretary-Treasurer | 1 | 0 | 1 | 2 |
| | | 6 | 4 | 6 | |

Contact

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