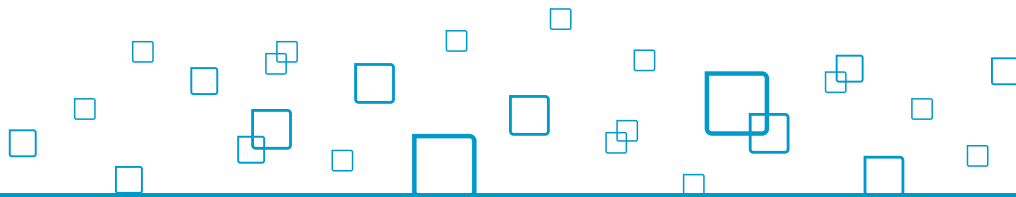

Westminster Savings Foundation

— ANNUAL REPORT —



2017

 Westminster Savings



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. Through our community investment program, we're creating access to arts and active-living opportunities across Metro Vancouver and the Fraser Valley for those at a disadvantage, in turn enriching lives and making our communities healthier and more inclusive places to live.



Recognizing that many children and families miss out on the multiple benefits available through sports and the arts, the foundation has established a set of official partnerships valued at \$675,000 that will provide access to sports and the arts for thousands of families. Arts Umbrella, Special Olympics BC and KidSport BC will each receive \$75,000 annually 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 the many other ways we give back, we invested more than \$317,000 through grants from our charitable foundation to our local communities in 2017. In addition, the foundation received a \$250,000 contribution from Westminster Savings in 2017.



Click to watch our community impact videos.

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



Official Community Partners



**Special
Olympics**
British Columbia



KidSportTM



ARTS UMBRELLA



Official Community Partners

Special Olympics BC



We're thrilled to help support the 4,600 athletes who are involved with Special Olympics BC each year, as well as the 3,700 dedicated coaches and volunteers who give their time. We know the tremendous impact that Special Olympics has on the lives of those involved: athletes make friends, live healthier lives, gain self-esteem and find joy in being involved and active in sports.



Official Community Partners

KidSport BC



KidSport has a mission to remove the financial barriers that prevent some children from playing organized sports. Through a network of incredible volunteer community chapters, in 2017 over 7,700 kids in B.C. realized their sporting dreams with KidSport’s assistance. We’re proud to be the official community partner of KidSport BC, as participation in sports builds stronger communities by bringing people together, building social capital and fostering greater inclusion of marginalized groups.

“Sport has a unique power to attract, mobilize and inspire. By its very nature, sport is about participation. It is about inclusion and citizenship.”

The United Nations on Sport for Development and Peace

Official Community Partners

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 more than 1,400 students from 27 schools in Surrey and is focused primarily on the creation of free/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.



Community Impact

In 2017, in addition to supporting our three official community partners, the Westminster Savings Foundation was honoured to support our communities with grants to several other local charities.

Following are some examples of our impact:



Community Impact

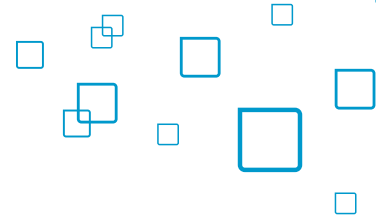


artstarts

“Creativity is very important for the next 20 years and the future. We’re always trying to push our boundaries of what we can do as a society. It will be really important to have creativity and the ability to come up with new ideas that can change the world, so I feel that art is important in that way.”

ArtStarts student

ArtStarts in Schools



Canucks Autism Network

“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



CAN
CANUCKS AUTISM NETWORK

The ACT Arts Centre



More than 1,200 individuals experienced the arts through subsidies, bursaries and a school access program in Maple Ridge supported by the Westminster Savings Foundation. 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 for engaging children in the arts through to adulthood is to engage their parents along with them. With the help of a grant from the Westminster Savings Foundation, over 200 families in the Tri-Cities were able to access low-cost workshops throughout 2017. With these shared experiences, children witness first-hand the value that parents place on the arts in their lives.



Community Impact

Our relationship with South Vancouver Family Place supports over 460 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 lifelong connections, and these relationships in turn strengthen and build community.

South Vancouver Family Place



Place des Arts



“We are delighted with the positive impact the program has made in our community by providing underserved children and youth in our neighbourhood with access to low-barrier arts education programming. We are sincerely grateful for your belief in the importance of the arts for our community.”

Joan McCauley, Executive Director, Place des Arts



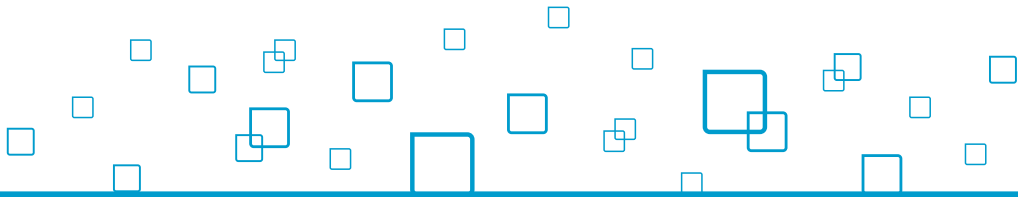
About the Westminster Savings Foundation

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

The Westminster Savings Foundation has contributed more than \$3.8 million in financial support to local organizations since its incorporation in 1992, and has more than \$9.0 million in assets as at December 31, 2017. 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.

The Westminster Savings Foundation is a key part of how we are providing people with opportunities to get active, have fun and connect with one another. Through annual foundation grants, we are making a significant impact by breaking down barriers, building communities and contributing to programs that lead to enhanced self-confidence, physical and mental development, personal expression, critical thinking and overall well-being.





Financial statements of Westminster Savings Foundation

YEAR ENDED DECEMBER 31, 2017



INDEPENDENT AUDITORS' REPORT

To the directors of Westminster Savings Foundation

We have audited the accompanying financial statements of Westminster Savings Foundation, which comprise the statement of financial position as at December 31, 2017, the statements of operations and fund balances and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

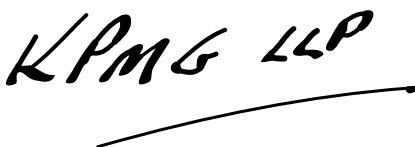
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Westminster Savings Foundation as at December 31, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 28, 2018
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, 2017, with comparative information for 2016

	Note	2017	2016
Assets			
Current assets:			
Cash and cash equivalents		\$ 274,909	\$ 31,782
Interest receivable		64,886	46,122
Dividend receivable		11,942	-
Short-term investments	4	200,000	-
		551,737	77,904
Investments:			
Term deposits and fixed income investments	4	5,310,324	8,961,056
Preferred shares	4	3,358,963	-
		8,669,287	8,961,056
		\$ 9,221,024	\$ 9,038,960
Liabilities and Fund Balances			
Current liabilities:			
Accounts payable	7	\$ -	\$ 100,000
Fund balances:			
Non-restricted fund		218,774	(213,290)
Restricted fund		9,002,250	9,152,250
		9,221,024	8,938,960
		\$ 9,221,024	\$ 9,038,960

Commitments note 9

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

Approved on behalf of the board:



Director

Hanne Madsen, *Chair*



Director

Maury Kask, *President*

Statement of operations and fund balances

Year ended December 31, 2017, with comparative information for 2016

	Note	2017			2016		
		Non-restricted	Restricted	Total	Non-restricted		Total
Revenues:							
Interest		\$ 216,729	\$ -	\$ 216,729	\$ 185,327	\$ -	\$ 185,327
Dividends		67,969	-	67,969	-	-	-
Unrealized gain in investments		64,796	-	64,796	-	-	-
Donation from Westminster Savings Credit Union	7	-	250,000	250,000	-	-	-
Expenditures:							
Community grants	5	(317,430)	-	(317,430)	(319,878)	-	(319,878)
Surplus (deficiency) of revenues over expenditures		32,064	250,000	282,064	(134,551)	-	(134,551)
Interfund transfers	6	400,000	(400,000)	-	-	-	-
Fund balance, beginning of year		(213,290)	9,152,250	8,938,960	(78,739)	9,152,250	9,073,511
Fund balance, end of year		\$ 218,774	\$ 9,002,250	\$ 9,221,024	\$ (213,290)	\$ 9,152,250	\$ 8,938,960

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

Statement of cash flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Surplus (deficiency) of revenues over expenditures	\$ 282,064	\$ (134,551)
Items not affecting cash:		
Unrealized gain in investments	(64,796)	-
Changes in non-cash operating items:		
Interest receivable	(18,764)	(25,281)
Dividend receivable	(11,942)	-
Accounts payable	(100,000)	73,600
Net cash provided by (used in) operating activities	86,562	(86,232)
Investing activities:		
Purchase of term deposits and fixed income investments	(2,014,629)	(3,440,445)
Purchase of preferred shares	(3,294,167)	-
Sale of term deposits and fixed income investments	5,465,361	3,531,000
Net cash provided by investing activities	156,565	90,555
Increase in cash and cash equivalents	243,127	4,323
Cash and cash equivalents, beginning of year	31,782	27,459
Cash and cash equivalents, end of year	\$ 274,909	\$ 31,782

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

Notes to financial statements

Year ended December 31, 2017

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, 2017

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.

(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.

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.

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.

Notes to financial statements

Year ended December 31, 2017

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	2017	2016
2018	2.18%	\$ 200,000	\$ -

Investments:

Maturity	Average rate	2017	2016
Term deposits and fixed income investments			
2018	2.43%	\$ -	\$ 1,300,000
2019	2.25%	-	1,600,000
2020	1.70%	-	2,398,861
2021	2.03%	121,250	487,750
2023	3.73%	960,502	967,264
2027	3.56%	2,036,016	-
2031	4.07%	2,192,556	2,207,181
		5,310,324	8,961,056
Preferred shares ¹	4.75%	3,358,963	-
		\$ 8,669,287	\$ 8,961,056

¹Preferred shares do not have a maturity date.

5. Community grants:

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

Notes to financial statements

Year ended December 31, 2017

5. Community grants (continued):

The following community grants were made during the year ended December 31, 2016:

Children's Arts Umbrella Association	\$	65,000
The Douglas College Foundation		30,000
City of Coquitlam		24,550
City of Surrey		22,000
South Vancouver Family Place Society		20,000
City of New Westminster		18,198
City of Burnaby		18,000
The Board of Education of School District No. 36		15,000
Canucks Autism Network Society		15,000
The Art Starts in Schools Society		15,000
Maple Ridge and Pitt Meadows Arts Council		13,000
The Board of Education of School District No. 41		12,000
Blind Beginnings Society		12,000
Special Olympics British Columbia Society		10,000
City of Maple Ridge		9,000
Township of Langley		8,000
Evergreen Cultural Centre Society		6,630
City of Port Coquitlam		6,500
	\$	319,878

6. Interfund transfers:

Transfers between funds consist of the following:

	2017		2016	
	Non-restricted	Restricted	Non-restricted	Restricted
Interfund transfer	\$ 400,000	\$ (400,000)	\$ -	\$ -

In 2017, the board approved net transfers from the restricted fund of \$400,000 to the non-restricted fund (2016 - nil). (See also note 2 (a)(i).)

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, 2017, 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 \$589,909 (2016 - \$5,818,393).
- The credit union paid interest on these deposits of \$56,951 (2016 - \$168,533).
- The foundation has accounts payable of \$Nil (2016 - \$100,000) owing to the credit union.
- The credit union donated \$250,000 (2016: \$Nil) to the foundation.

Notes to financial statements

Year ended December 31, 2017

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 2018 to 2020. At December 31, 2017, 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	330,000
Total	\$ 640,000

Westminster Savings Foundation Board of Directors

Board attendance in 2017

DIRECTOR	OFFICE HELD	BOARD MEETING	AGM	BOARD MEETING
		Feb 22, 2017	Jun 15, 2017	Sept 8, 2017
Hanne Madsen	Chair	1	1	1
Art Van Pelt	Vice Chair	1	1	1
James R. Ensom ⁽¹⁾	Director	N/A	N/A	1
Darlene K. Hyde ⁽²⁾	Director	1	1	N/A
Patty Sahota ⁽²⁾	Director	1	1	N/A
Robert G. Shirra ⁽¹⁾	Director	N/A	N/A	1
Maury Kask	President	1	1	1
Mary Falconer	Secretary-Treasurer	1	1	1
		6	6	6

(1) Appointed as director effective June 15, 2017

(2) Ceased as director effective June 15, 2017

Contact

Westminster Savings Foundation
 Suite 1900 - 13450 102 Avenue
 Surrey, BC V3T 5Y1

604 517 0100
 1 877 506 0100

wscu.com