

# Credit Union Foundation

**2020  
AGM**

# Agenda

**Date:** Thursday, May 28, 2020  
**Time** 1:30 pm - 2:30 pm  
**Place:** Virtually via Microsoft Teams Meeting

## Agenda:

1. Call to Order
2. Introduction of Trustees
3. Minutes of the 2019 Annual General Meeting
4. Trustees' Report
5. Awards Committee Report
6. Treasurer's Report
7. 2019 Financial Statements
8. Appointment of Auditor
9. Governance & Nominating Committee Update
10. Proposed Extraordinary Resolution
11. Good and Welfare
12. Adjournment

# Trustee Nominations



**Deborah Edwards**

AVP, Human Resources  
Coastal Community Credit Union



**Tyler Patak**

Digital Marketing Programs Manager  
Central 1



**Jessie Sidhu**

CEO  
Khalsa Credit Union



**Nolan Hill**

Manager, Operational Excellence and Credit  
Williams Lake and District Credit Union

# 2019 AGM Minutes

## CREDIT UNION FOUNDATION OF BRITISH COLUMBIA

### MINUTES OF THE SIXTY FIRST ANNUAL GENERAL MEETING HELD AT THE SHERATON WALL CENTRE HOTEL, VANCOUVER, B.C APRIL 23<sup>RD</sup>, 2019.

President Gus Hartl call the meeting to order at 2:05pm and introduced the Foundation Trustees and Trustee Emeritus; Phil Moore, Gene Blishen and J. Ross Montgomery.

**QUORUM:** A quorum was declared present. The final registration showed attendance of 15 delegates, 3 Life Memberships and 11 guests.

**MINUTES:** The President requested a motion for adoption of the Minutes of the 2017 Annual Meeting.

**Moved and Seconded:** That the minutes of the Annual Meeting of the Credit Union of BC Held on April 27, 2017 be adopted as circulated. **Carried.**

**TRUSTEES REPORT:** The President shared some highlights from the Trustees Report for 2018 as circulated.

**Moved and Seconded:** That the report of the Trustees be accepted as presented. **Carried.**

**AWARDS COMMITTEE REPORT:** The Awards Committee Chair, Naz Kullar shared highlights from the in-depth report included in the 2018 AGM package.

In 2018, \$30,000 was awarded to various universities and colleges, where their administrators disburse these grants to individuals based on their own criteria or criteria established by various named funds. In 2018, the Foundation received a total of 307 applications; a considerable increase from previous years. 197 bursaries were awarded totalling \$153,000. 160 of those recipients were credit union members.

International awards program is funded by the Rod A. Glenn International Trust Fund. In 2018 the Foundation committed \$20,000 towards the Credit Union Development Education Program, also known as Canada DE. This program tackles the pressing challenges that co-operatives and credit unions face today while providing critical lessons in co-operative principles, credit union philosophy and International development issues.

Thanks, were given to the other members of the 2018 Awards Committee: Kari Johnson, Erin Nesci, Tracey Kliesh and Central 1 Marketing team.

**Moved and Seconded:** That the report of the Awards Committee be accepted as presented. **Carried.**

**AUDIT AND FINANCE COMMITTEE REPORT:** Treasurer, Theresa Dergousoff reported that the Foundation had a clean report from the auditors for 2018. Thanks, were given to the staff at KPMG and partner Carol Chiang.

Theresa Dergousoff shared highlights from the in-depth report included in the 2018 AGM package.

Beginning with the balance sheet the cash and term deposit balances were lower at the end of the year than the prior year. The Foundations investments grew by 1 million to 3.5 million. In 2016 the Foundation negotiated a new investment agreement with Connor, Clark and Lunn. As term deposits mature with our credit unions the Foundation is transferring them to CC&L.

Included in the revenues is the 10 cent per member donation which in total is \$196,000. Other donations received can be found on schedule 2.

In the last quarter of 2018, there were some unrealized losses in the amount of \$80,000. The Audit and Finance Committee met with CC&L investment manager in mid-April 2019 and the Foundation has recovered those loses and some additional revenue for the first quarter of 2019.

**Moved and Seconded:** To accept the 2018 auditors report as presented.

**Carried.**

The Audit and Finance Committee reviewed the performance of the auditor and is recommending to the membership KPMG CPA as the Foundation's auditors for the 2019 fiscal year.

**Moved and Seconded:** To appoint KPMG as the auditors for the 2019 fiscal year.

**Carried.**

Thanks, were given to the Audit and Finance Committee members; Dave Lanphear, Gus Hartl, Catherine Ludgate and Jeff Shewfelt and retiring trustee, Meredith Pue. Also, to the credit unions for their support, and especially those credit unions and individuals who made donations to the various memorials.

**NOMINATING COMMITTEE REPORT:** Committee chair, Gene Creelman presented the 2018 Nominating Committee Report.

Each year there are typically four positions that become available as part of the regular election process. In 2018, there are five positions to fill as there is a vacancy on the board. At the end of the nomination period there were five candidates that had come forward. Those five individuals were elected by acclamation and they are; Jeff Shewfelt - incumbent, Kari Johnson - incumbent, Nolan Hill, Balbir Bains and Nicole Eich.

**NEW BUSINESS:** No new business was brought forward by the membership.

**GOOD & WELFARE:** On behalf of the entire Foundation Board of Trustees, Gus Hartl thanked Meredith for all of her hard work and contributions to the Credit Union Foundation of BC over the last 15+ years. Through unanimous consent, the Board of Trustees granted Meredith Pue with Trustee Emeritus status.

There were a number of donated items from various credit unions for door prizes. Several Trustees provided each attendee with a ticket with a chance to win.

**ADJOURNMENT:** The Chair thanked everyone for their attendance at the 2018 annual meeting and the meeting was adjourned at 2:40pm.



Jeff Shewfelt, Secretary



Gus Hartl, President

# Trustees Report for 2019

The Credit Union Foundation of B.C., founded in 1958, is the charitable arm of the British Columbia Credit Union System. The Foundation's primary purpose is to provide educational awards to B.C. students of all ages in need of financial assistance for academic, technological, or vocational training at accredited schools in the province.

The awards program is mainly funded by earnings on the Memorial and Trust funds. The process of moving our funds from traditional term deposits in BC credit unions to the professional investment advisors at Connor, Clark & Lunn Private Capital Ltd continues and should be completed by the end of 2021. This investment strategy was approved in 2016 and should help stabilize the Foundation and increase earnings – allowing us to achieve our goal to help people advance through higher education and meaningful employment. We appreciate the contributions from every credit union in B.C. who supports the Foundation through annual dues payments through Central 1. We also thank those credit unions who further support the Foundation through donations to their named funds.

The Trustees continued work to improve the application process for students and raising awareness of our program in general, both with BC credit unions and our members, who are looking for financial assistance for their education. One of our goals was to generate more than enough applications to ensure that we were spending the full allotment of funds available. I'm most pleased to advise that we now consistently receive many more applications than we are able to fund, and we can ensure the funds get to the people that need financial assistance the most.

We will continue our work to look for innovative ways to market and communicate the great story that is 'The Foundation', and we encourage all BC credit unions to do their part in building greater awareness about the funding that's available to their members.

We would again like to thank Aprio for providing their services free of charge. We also would like to thank the Central 1 Marketing team for the administrative support provided to the Foundation. In particular, we thank Kristyn Leblanc for her assistance and dedication to keeping all of us organized and on point.

This year we will again see turnover on our Board. During the year, Trustee Naz Kullar left the credit union system and resigned from the Board. One of our Trustees whose term is up has decided not to seek a further term, so we also say goodbye to Theresa Dergousoff, who has played a vital role managing our internal accounting. We are most pleased that Theresa has agreed to mentor her replacement to ensure we have a smooth transition with the all-important accounting. This is a volunteer Board with no financial reward, so a big thank you to the departing Trustees and we wish you all the best for the future.

The Foundation's awards program, developed in 1958, was in the co-operative spirit of **people helping people to help themselves**. The Foundation continues to help build a community of contributing members and these members are the future of our communities. We are thankful for the continued support received from BC credit unions and their members which enables the Foundation to carry on its mission, and be true to our co-operative values.

In closing, I'd like to acknowledge the very different and challenging times our world is working through with the COVID-19 Pandemic. It has literally touched every aspect of our lives and I would expect that the financial need for education will be even greater in the near future and beyond. I'm proud that the Foundation will play a small part in helping our world recover.

Respectfully submitted

April 27, 2020 | **Credit Union Foundation of British Columbia Board of Trustees**

**Gus K. Hartl**, President

**Dave Lanphear**, Vice-President

**Theresa Dergousoff**, Treasurer

**Jeff Shewfelt**, Secretary

**Kari Johnson**, Trustee

**Balbir Bains**, Trustee

**Catherine Ludgate**, Trustee

**Nicole Eich**, Trustee

**Nolan Hill**, Trustee

**Gene Creelman**, Trustee

**Deborah Edwards**, Trustee

**Phil Moore**, Trustee Emeritus

**Gene Blishen**, Trustee Emeritus

**W.J. (Bill) Wright**, Trustee Emeritus

**Meredith Pue**, Trustee Emeritus

# Awards and International Grants Committee Report for 2019

The Credit Union Foundation's primary purpose is to provide education awards to BC post-secondary students who demonstrate financial need. The Awards Committee is responsible for reviewing and awarding individual applications for educational bursaries. Each year the Credit Union Foundation disburses grants and bursaries to students.

In 2019, the Credit Union Foundation provided \$160,695 in grants and bursaries. Awards are granted in three categories:

- The post-secondary annual grant program
- Individual grants through our Memorial and Trust Funds
- The international Awards program

## **Post-Secondary Annual Grant Program**

In 2019, \$32,200 was awarded to various universities and colleges to be administered by the school. Administrators disburse these grants to individuals based on the schools own criteria or by criteria established by named funds.

## **Individual Grants**

Individual grants are approved three times a year to accommodate the various school terms at different post-secondary institutions. Awards granted to applicants are based on demonstrated financial need, tuition costs, level of program and whether attendance is full or part-time. In 2019 we received 344 applications, of that 138 students received a bursary totalling \$115,745.00, 114 of those recipients were credit union members who received a total of \$93,595 and 24 were non-members receiving \$22,150.

- Winter applications resulted in \$19,015 awarded to 12 recipients (11 members; 1 non-members)
- Spring/Summer applications resulted in \$19,330 to 18 recipients (8 members; 10 non-members)
- Fall applications resulted in \$77,400 to 95 members and 13 non-members

In addition, the Garry Ermacora Award of \$750 was issued to Selkirk Secondary School.

## **International Awards Program**

The International Awards Program is funded by the A. Rod Glen International Trust Fund. In 2019 the Foundation committed \$12,000 towards the Credit Union Development Education (aka DE) program. This program tackles the pressing challenges that co-operatives and credit unions face today while providing critical lessons in co-operative principles, credit union philosophy and international development issues.

In closing thanks are due to Nicole Eich, Nolan Hill, Kari Johnson, and Balbir Bains for their contributions to the Awards Committee.

Respectfully submitted,

**Deborah Edwards** MA, CPHR  
Awards Committee Chair



In 2019 the awards committee oversaw the annual grant budget of \$30,000 made through 39 individual grants given through post secondary institutions throughout British Columbia.



The Foundation approved bursaries to 138 students in 2019, totaling

**\$115,745**

**82%** Of the awards were granted to Credit Union members

# Treasurer's Report

## Financial Report

Total assets amounted to \$5,065,140, up 8.8% from 2018. Prior to 2016, the Foundation's assets were invested in 36 British Columbia credit unions and in Central 1. In 2016 we amended our investment policy and are transitioning the investments to a managed fund with Connor Clark and Lunn ("CC&L") as the term deposits mature, with the hopes of realizing a better return in the long run.

Revenues totaled \$658,269 (2018- \$267,581) consisting of interest and investment earnings of \$100,711 (2018 - \$138,384), donations from credit unions and individuals of \$35,021 (2018 - \$8,500), membership dues of \$4,200 (2018 - \$4,200) and credit union members' dues of \$ 149,379 (2018 - \$196,481). We had an unrealized gain on investments of \$350,958 at the end of 2019, while for 2018, there was an unrealized loss of \$79,984.

Total expenses were \$86,870, up \$9,339 from \$77,531 in 2018. This is mainly due to fees paid to CC&L for managing our investments, which were \$33,434 (2018-\$26,167), reflecting an increase in funds under management.

Our awards are channeled into helping British Columbians further their education. For 2019, these awards totaled \$160,695 (2018 - \$215,852); of this amount, \$32,200 (2018 - \$30,092) was directed towards universities and colleges, and \$116,495 was for bursaries (2018 - \$153,778). Over the last 15 years, over \$2,000,000 has been distributed to deserving recipients who came from all over the province, something we can all truly be proud of. During the year, we also funded \$12,000 towards the Credit Union Development Education ("DE") program at Saint Mary's University (2018 - \$20,000). This program tackles the pressing challenges that co-operatives and credit unions face today while providing critical lessons in co-operative principles, credit union philosophy and international development issues.

This year, the Foundation transferred \$375,683 to the Credit Union Pioneer's Memorial Trust Fund; in 2018, because of an unrealized loss on investments, the Foundation had to transfer \$34,302 from the Memorial Trust Fund to the general fund.

Investments held at CC&L are being made using the six UN Principles of Responsible Investing ("UNPRI"). Our board has directed CC&L investment managers to use UNPRI when building our portfolio; the UNPRI fundamentals are that companies that have good governance, good practices and are environmentally and socially conscious typically perform better. The embracing of responsible investing is reflected in our portfolio.

We can confirm that the Foundation is compliant with the disbursement quota as calculated from the Revenue Canada Charities return that we file annually.

The Foundation is facing many challenges. Our dues revenue will continue to decline as some British Columbia credit unions become federal credit unions, thereby not being required to pay the \$0.10/member annual dues to the Foundation. Also, our investment portfolio has been impacted as a result of the recent events due to the pandemic. The board has identified these threats and will be monitoring their impact on the Foundation's operations.

As Treasurer, I would like to thank my fellow Audit and Finance committee members, and our Administrator, Kristyn Leblanc, who is doing an amazing job for us. Thank you to our auditors, Carol Chiang and the staff at KPMG, who made the audit go smoothly again this year. Also, we would like to thank all credit unions for their support, and especially those credit unions and individuals who made donations to the various memorials. These donations can be perpetually reinvested in our members' education and dreams.

Respectfully submitted

**Theresa Dergousoff, CPA, CA**

Treasurer

April 15, 2020

# Financial Statements for 2019

Financial Statements of

## **CREDIT UNION FOUNDATION OF BRITISH COLUMBIA**

And Independent Auditors' Report thereon

Year ended December 31, 2019



KPMG LLP  
PO Box 10426 777 Dunsmuir Street  
Vancouver BC V7Y 1K3  
Canada  
Telephone (604) 691-3000  
Fax (604) 691-3031

## INDEPENDENT AUDITORS' REPORT

To the Members of the Credit Union Foundation of British Columbia

### Report on the Audit of Financial Statements

#### *Opinion*

We have audited the financial statements of Credit Union Foundation of British Columbia (the "Foundation"), 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 and schedules 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 Foundation 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 for 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 Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical 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.

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.

### ***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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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 Matters**

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

Vancouver, Canada

April 16, 2020

# CREDIT UNION FOUNDATION OF BRITISH COLUMBIA

## Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 84,488	\$ 53,276
Term deposits, at amortized cost (note 3)	60,973	821,708
	145,461	874,984
Term deposits, at amortized cost (note 3)	25,038	235,038
Investments, at fair value (note 4)	4,894,641	3,542,344
	\$ 5,065,140	\$ 4,652,366

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,570	\$ 2,500
Fund balances:		
Memorial and Trust Funds (Schedule 1)	5,060,570	4,649,866
	\$ 5,065,140	\$ 4,652,366

See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

# CREDIT UNION FOUNDATION OF BRITISH COLUMBIA

## Statement of Operations and Fund Balances

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

	Unrestricted General Fund	Restricted Memorial and Trust Funds	2019 Total	2018 Total
<b>Revenue:</b>				
Contributions (Schedule 2, note 6)	\$ 167,379	\$ 35,021	\$ 202,400	\$ 204,981
Corporate member dues	4,200	-	4,200	4,200
Investment income (note 5)	100,711	-	100,711	138,384
Unrealized gain (loss) on investments	350,958	-	350,958	(79,984)
	623,248	35,021	658,269	267,581
<b>Expenses:</b>				
Administration services (note 6)	36,000	-	36,000	36,000
Marketing	1,250	-	1,250	1,091
Investment management fees	33,434	-	33,434	26,167
Audit and legal fees	12,639	-	12,639	12,359
Office and other	3,547	-	3,547	1,914
	86,870	-	86,870	77,531
Excess of revenue over expenses before grants and bursaries	536,378	35,021	571,399	190,050
Grants and bursaries paid	(160,695)	-	(160,695)	(215,852)
Excess (deficiency) of revenue over expenses, grant and bursaries	375,683	35,021	410,704	(25,802)
Fund balances, beginning of year	-	4,649,866	4,649,866	4,675,668
Interfund transfer (note 2(a))	(375,683)	375,683	-	-
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ 5,060,570</b>	<b>\$ 5,060,570</b>	<b>\$ 4,649,866</b>

See accompanying notes to financial statements.

# CREDIT UNION FOUNDATION OF BRITISH COLUMBIA

## Statement of Cash Flows

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

	2019	2018
Cash provided by (used in):		
Operating:		
Excess (deficiency) of revenue over expenses, grants and bursaries	\$ 410,704	\$ (25,802)
Items not involving cash:		
Unrealized loss (gain) on investments	(350,958)	79,984
Net changes in non-cash operating working capital items:		
Accounts payable and accrued liabilities	2,070	1,996
	<u>61,816</u>	<u>56,178</u>
Investment:		
Redemption of term deposits	970,735	1,062,733
Purchase of investments	(1,008,388)	(1,159,985)
Redemption of investments	7,049	1,562
	<u>(30,604)</u>	<u>(95,690)</u>
Increase (decrease) in cash	31,212	(39,512)
Cash, beginning of year	53,276	92,788
Cash, end of year	<u>\$ 84,488</u>	<u>\$ 53,276</u>

See accompanying notes to financial statements.

# CREDIT UNION FOUNDATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended December 31, 2019

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## 1. Operations:

Credit Union Foundation of British Columbia (the "Foundation") was originally incorporated in 1958 and is registered under the *Societies Act (British Columbia)*. The Foundation is tax-exempt as a registered charitable organization under the Income Tax Act. Accordingly, it is exempt from income taxes provided certain requirements of the Income Tax Act are met.

The Foundation's primary role is to provide supplemental grant-in-aid assistance to students who are residents of British Columbia and to assist mature students in upgrading their education and skills.

## 2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

### (a) Fund accounting:

The General Fund accounts for revenue and expenses relating to the Foundation's general operating and administrative activities, the income earned on the Memorial and Trust Funds, and grants and bursaries disbursed in the year. At each year-end, the Foundation transfers the excess of revenue over expenses, grants and bursaries in this fund to the Credit Union Pioneers Memorial internally restricted fund to be used towards earning income to fund grants and bursaries in future years.

The Memorial and Trust Funds account for funds restricted for the purpose of earning income to be used towards funding grants and bursaries in accordance with the terms of the established funds and as approved by the Board of Directors.

### (b) Revenue recognition:

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

Externally restricted contributions which can only be used for purposes designated by the contributor are recognized as revenue of the restricted funds when received.

Restricted contributions received for which no specific restricted fund exists are deferred in the general fund and recognized as revenue when the funds have been spent in accordance with restrictions.

Unrestricted contributions are recognized as revenue in the general fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue in the general fund on an accrual basis.

# CREDIT UNION FOUNDATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 2. Significant accounting policies (continued):

### (c) Financial instruments:

The Foundation's financial instruments are comprised of cash, term deposits, investments, and accounts payable and accrued liabilities.

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. Management has elected to carry investments at fair value. All other financial instruments are subsequently measured at cost or amortized cost.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method. 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.

Financial assets carried at cost or amortized cost 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.

### (d) Use of estimates:

The preparation of 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.

## 3. Term deposits, at amortized cost:

The term deposits earn interest at 1.50% to 2.0% (2018 - 1.50% to 2.67%) and mature between July 2020 and January 2021 (2018 - January 2019 and November 2021). Term deposits with maturity dates in the next fiscal year have been classified as current assets.

# CREDIT UNION FOUNDATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 4. Investments, at fair value:

	2019		2018	
	Market value	Cost	Market value	Cost
Fixed income and hedge strategies	\$ 3,132,444	\$ 3,084,159	\$ 2,305,944	\$ 2,358,941
Canadian equity	551,172	518,309	422,087	454,386
Global equity	1,058,327	895,250	814,313	801,934
Alternative investments	152,698	153,290	-	-
	<u>\$ 4,894,641</u>	<u>\$4,651,008</u>	<u>\$ 3,542,344</u>	<u>\$ 3,615,261</u>

## 5. Investment income:

	2019	2018
Interest	\$ 50,198	\$ 56,358
Dividends	14,584	9,916
Other foreign income distributions	20,217	15,906
Realized gains	15,712	56,204
	<u>\$ 100,711</u>	<u>\$ 138,384</u>

## 6. Related party transactions:

Credit Unions in British Columbia are members of the Foundation and are considered related parties. The Foundation received contributions of \$167,379 (2018 - \$196,481) from the credit unions.

During the year ended December 31, 2019, the Foundation paid \$36,000 (2018 - \$36,000) to Central 1 Credit Union for administration services that are recognized in these financial statements as an expense.

These transactions are in the normal course of the Foundations operations and are recorded at the exchange amount.

# CREDIT UNION FOUNDATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 7. Financial risk management:

The Foundation invests its various funds according to an Investment Policy Statement approved by the Board of Directors. This Statement outlines the objectives, policies and processes relating to investment activities and applies to all investments of the Foundation. Investment Policy guidelines include the minimum and maximum amount of Canadian equities, global equities, fixed income, real estate, mortgages, multi strategy funds, short term investments and cash. This diversification across various asset classes is designed to decrease the volatility of portfolio returns. The Board of Directors regularly review the Foundation's investments to ensure that all activities adhere to the Investment Policy Statement.

The Board of Directors has overall responsibility for the establishment and oversight of the Foundation's risk management framework, including risks related to financial management of assets.

### (a) Credit risk:

Credit risk is the risk of loss resulting in the failure of a borrower or counterparty to honour its financial or contractual obligation to the Foundation. Credit risk arises primarily from the Foundation's term deposits and investments. The Foundation manages this risk by investing in high credit quality pooled funds and other investments as well as term deposits held with credit unions in British Columbia, which are fully insured by the Credit Union Deposit Insurance Corporation.

The Foundation's exposure to and management of credit risk has not changed materially since the prior year.

### (b) Liquidity risk:

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The majority of the Foundation's assets are investments traded in active markets that can be readily liquidated and therefore the Foundation's liquidity risk is considered minimal. In addition, the Foundation aims to retain a sufficient cash position to manage liquidity.

The Foundation's exposure to and management of liquidity risk has not changed materially since the prior year.

### (c) Market risk:

Market risk is the risk that changes in market prices, as a result of changes in foreign exchange rates, interest rates, equity prices and valuation of appraisal based assets, will affect the Foundation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return.

# CREDIT UNION FOUNDATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 7. Financial risk management (continued):

### (c) Market risk (continued):

#### (i) Currency risk:

Investments in foreign securities are exposed to currency risk due to fluctuations in foreign exchange rates. The Foundation is exposed to currency risk on its foreign market common stock, its foreign market bonds and debentures, foreign real estate and its multi-strategy funds, as the prices denominated in foreign currencies are converted to Canadian dollars in determining fair value. The objective of the Foundation's investment policy is to control currency risk by maintaining a geographically diversified portfolio. The bond portfolio is managed by an investment manager who is restricted as to the unhedged foreign currency component of the foreign bond investments.

From time to time, the Foundation's external investment fund managers may hold balances in cash and cash equivalents denominated in non-Canadian currencies. The currency risk related to these balances is not significant.

The Foundation's exposure to and management of currency risk has not changed materially since the prior year.

#### (ii) Interest rate risk:

Interest rate risk relates to the risk that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the Foundation. As part of its investment portfolio, the Foundation is invested in a number of fixed income instruments, individual bonds, pooled bond funds, as well as other private investments subject to interest rate risks.

Duration is the most common measure of the sensitivity of the price of a fixed income instrument to a change in interest rates. The Foundation's portfolio managers vary the duration of the fixed income holdings in their portfolios in order to accommodate possible changes in interest rate.

The Foundation's exposure to and management of interest rate risk has not changed materially since the prior year.

#### (iii) Equity price risk:

Equity price risk is the risk that the fair value of equity financial instruments will fluctuate due to changes in market prices. The Foundation is exposed to Equity price risk on its investments in equity pooled funds. The objective of the Foundation's investment policy is to manage Equity price risk by maintaining a portfolio which is diversified across geographic and industry sectors.

The Foundation's exposure to and management of equity price risk has not changed materially since the prior year.

# CREDIT UNION FOUNDATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 8. Disclosure of employee and contractor remuneration:

The Society does not have any employees. For the year ended December 31, 2019, no contractor for services received total annual remuneration of \$75,000 or greater.

In accordance with the bylaws of the Society, no remuneration was paid to any Directors of the Society during the year.

## 9. Subsequent event - COVID-19 Market Volatility:

As a result of the COVID-19 pandemic, market prices of financial instruments have been significantly impacted subsequent to the year end. As of April 1, 2020, the reported market value of the investment portfolio indicated a decline by approximately 6% since December 31, 2019. This decline has not been reflected in these financial statements and any realized or unrealized losses will be recognized in the fiscal 2020 financial statements.

The Society believes that due to the diversification of our investment portfolio, our ability to provide student grants has not been impaired at this time by the current crisis.

# CREDIT UNION FOUNDATION OF BRITISH COLUMBIA

Schedule of Memorial and Trust Funds

Schedule 1

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

	2019	2018
A Rod Glen International Trust Fund	\$ 522,061	\$ 522,061
Aldergrove Credit Union Trust	50,100	50,100
Ben Voth Memorial	10,000	10,000
Bob & Dorothy Bonshor Memorial Fund	8,600	8,400
Bruce Albion McDiarmid Memorial	1,600	1,600
Chemainus and District CU Pioneers Trust	2,500	2,500
Coast Capital Savings Credit Union Pioneers Memorial	3,190	3,190
Comox Valley Credit Union Pioneers Memorial	21,000	21,000
Credit Union Pioneers Memorial	3,176,141	2,798,383
Don Bentley Memorials	18,288	18,288
Donald & Bernice McDonough Memorial Fund	50,000	50,000
Envision Credit Union Pioneers Memorial	31,654	31,654
Farley B Dickinson Memorial	3,422	3,422
Flo & Bert Gladu Memorial	9,420	9,420
Garry Ermacora Memorial	10,000	10,000
George Viereck Memorial	18,878	18,878
Gordon Beggs Trust	5,000	5,000
Grant Thornton Perpetual Trust	126,109	126,109
Greater Vancouver Community C.U. Pioneers Memorial	87,252	85,152
Interior Savings C.U. Pioneers Trust.	77,443	47,797
Jerry & Belle Lundie Memorial & Bequest	58,664	58,664
John A H Duffie Scholarship Trust	3,200	3,200
John H. Lucas Memorial	6,413	6,413
Joseph C Selby Memorial	20,390	20,390
Kla How Ya Society A. Rod Glen Memorial	13,876	13,876
Lew Wood Bursary Trust	3,850	3,850
Lewis van der Gracht Trust Fund	10,400	10,400
Lucille Sutherland Bursary Trust	20,430	20,430
May Campbell Bursary Trust	15,000	15,000
Michael Bach Memorial	11,730	11,730
Michael J Tarr Memorial	31,859	31,859
Mount Lehman Credit Union Pioneers Memorial	4,610	4,610
Operating Engineers CU Pioneers Memorial	24,728	24,728
Paul Humphries Memorial	13,965	13,965
R.J. (Bob) McMaster Memorials & Bequest	34,459	34,459
Richard W. Slater Honorary Trust	10,250	10,250
Rose Moore Memorial	18,479	17,479
Sharons Credit Union Trust Fund	11,500	11,500
Shirley C. Schmid Bursary Trust Fund	8,225	8,225
Shirley Lewis Smith Memorial	15,700	15,700
Sid Butterfield Memorial & Bequest	21,370	21,370
Sunshine Coast Credit Union Trust	10,450	10,450
Terry Smith Memorial	131,909	131,909
Thomas Cooper Memorial	10,000	10,000
Tom Dearlove Memorial	10,000	10,000
United Savings Credit Union Trust	55,393	55,393
Val Pearson/Violet De Courcy Bursary Trust	4,750	4,750
Valley First Credit Union Heritage Trust	60,500	60,500
VanCity Savings Credit Union Perpetual Trust	50,000	50,000
Vancouver Firefighters' C.U. Pioneers Memorial	6,573	6,573
VanTel/Safeway Credit Union Pioneers Memorial	7,000	7,000
VP Credit Union Trust	11,100	11,100
Wallace Wright Bursary Trust	14,325	14,325
Wes Darling Memorial	6,902	6,902
Westminster Savings Credit Union Trust	79,912	79,912
Williams Lake & District Credit Union Trust	10,000	10,000
	\$ 5,060,570	\$ 4,649,866

# CREDIT UNION FOUNDATION OF BRITISH COLUMBIA

Schedule of Contributions Received

Schedule 2

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

	2019	2018
Bob & Dorothy Bonshor Memorial Fund	\$ 200	\$ 200
Credit Union Pioneers Memorial	169,454	196,481
Greater Vancouver Community C.U. Pioneers Memorial	2,100	2,100
Interior Savings C.U. Pioneers Trust	29,646	-
Rose Moore Memorial	1,000	1,000
Sharon Credit Union Trust Fund	-	5,000
Sunshine Coast Credit Union Trust	-	200
	<u>\$ 202,400</u>	<u>\$ 204,981</u>

# Nominating Committee Report

As part of the governance of the Credit Unions Foundation of British Columbia, an annual election is held to fill vacant and maturing positions on the Board of Trustees. There were four positions available for election this year. Theresa Dergousoff is completing a 3-year term and Nolan Hill and Deborah Edwards are completing 1-year terms. Additionally, there was a vacancy created with the resignation by Naz Kullar. Thus, there were four positions available in the 2020 election.

The call for nominations was made to the credit union system in February with a deadline of April 10, 2020. As of the deadline, The Foundation received nomination papers from four individuals:

- Nolan Hill, Williams Lake and District Credit Union
- Deborah Edwards, Coastal Community Credit Union
- Jessie Sidhu, Khalsa Credit Union
- Tyler Patak, Central 1

With four candidates running for four positions, we declare the above nominees elected as Trustees by acclamation.

On behalf of the credit union system, the Foundation would like to thank Naz Kullar for her contribution to the Board of Trustees the past several years. We also want to offer a special thanks to Theresa Dergousoff for the 10 years that she has been on the board. We particularly appreciate her accounting background and skills that she brings but specifically for the hands-on accounting that she has done for the Foundation managing the books and liaising with our auditors.

You will note that the board is proposing a resolution today that will allow the Board the flexibility to establish the size of the board, as circumstances require. We are proposing this change and it is expected that the Board will seek to increase the board size by one to enable the appointment of Theresa back to the Board to allow sufficient time to transition the accounting function and to allow the Board to seek a candidate who can bring accounting skills in the future. Thank you, Theresa.

In addition to the new Trustees, the Board of Trustees includes those whose terms mature in 2021 being Gus Hartl from Aldergrove Credit Union, Dave Lanphear from Envision Financial, Catherine Ludgate from Vancity and Gene Creelman from Interior Savings. Those maturing in 2022 include Kari Johnson from Community Savings, Balbir Bains from GVC Credit Union, Nicole Eich from Westminster Savings and Jeff Shewfelt from G&F Financial Group.

Respectfully submitted

**Jeff Shewfelt**

# Proposed Extraordinary Resolution

## Extraordinary Resolution 2020 AGM – 1 to Amend the Bylaws To be voted on at the 2020 Annual General Meeting

The need for resources on the Board of Trustees varies from time to time. To enable flexibility, the Board of Trustees is recommending that Bylaw 22 be amended to read:

Proposed:

Until otherwise determined by general meeting of the membership, the number of trustees shall be determined by the Board of Trustees consisting of:

- a. a minimum of nine (9) persons and no more than 15 persons of which at least three (3) of whom shall be elected each year to hold office for a period of three (3) years.
- b. Of the elected trustees, no more than three (3) trustees shall represent a “corporate body” as described in Bylaw 6.

Current Bylaw 22 reads as follows:

Until otherwise determined by general meeting there shall be a Board of Trustees consisting of twelve (12) persons, four (4) of whom shall be elected each year to hold office for a period of three (3) years.