



2021 Prospera Foundation Report



Report from the Board of Directors

As a result of the merger between Westminster Savings Credit Union and Prospera Credit Union in 2020, the Foundation was legally renamed the Prospera Foundation in 2021. Our funding is now extended to support businesses, families, and youth in need across Prospera's trade areas, reaching from Metro Vancouver to the Fraser Valley, and into the Okanagan. In 2021, Prospera also launched a new community investment strategy, which identified three new giving areas: local business, preventative health, and education.

Aligned with our new strategy, we supported 13 charitable partners this year, including four new partners: Archway Community Services, Dress for Success Vancouver, Junior Achievement of BC, and Kelowna Community Resources. In total, we invested more than \$417,000 into our

local communities to fund programs and projects that support families and youth facing financial barriers, and within the local business ecosystem. We remain committed to making our communities stronger and more inclusive places for everyone to live.

The continued impact from the COVID-19 pandemic created another challenging year. With the funding received in 2021, many of the charitable partners chose to invest in digital upgrades and new virtual hosting platforms to continue to offer valuable resources to families and individuals in need.

We're now one of the largest credit union foundations in Canada with more than **\$10.7 million in assets** and **we've disbursed over \$5.2 million in charitable grants** since being incorporated in 1992.





Thanks to the Prospera Foundation, Special Olympics BC is safely and steadily reopening the year-round in-person sport, youth, and health programs and events that mean so much to our athletes, and to everyone involved. Thank you for helping to rebuild the Special Olympics BC programs and community that instill confidence in athletes, open hearts and minds to inclusion, and break down barriers for our friends and neighbours with intellectual disabilities.

Dan Howe, President & CEO,
Special Olympics BC



New community partners

Meet our four new grant recipients in 2021.



Archway Community Services

Archway Community Services is a multi-service agency that provides a wide range of vital services to communities across the Fraser Valley. With over 90 diverse programs, Archway helped over 4,200 clients through its Family Services program and 4,300 newcomers to Canada in 2021. We provided a five-year partnership to Archway to invest in a new business platform to help streamline its program delivery and increase its ability to serve more members of the community.



Dress for Success Vancouver

Dress for Success Vancouver empowers women to find good jobs, financial independence, and personal success. In 2021, we supported the Professional Women's Group program, which provides formal instruction on financial health and supports the success of women in the workplace.



It's a fantastic program to bring together immigrant women from different cultures and backgrounds. It promotes open, healthy communication and encourages sharing of thoughts and ideas without judgment.

Professional Women's Group member, Dress for Success Vancouver



We are very grateful for the partnership with Prospera. Thanks to their financial and volunteer support over the past 10 years, local youth have been exposed to critical financial literacy, work readiness, and entrepreneurship programs. This past year, the Prospera Foundation generously supported our virtual World of Choices program, helping BC students explore potential careers and setting them on their path to success.

Sheila Biggers, President & CEO,
Junior Achievement of BC



Junior Achievement of BC

Junior Achievement of BC (JABC) has been a leader in youth education programs for over 65 years with a purpose to inspire, prepare, and empower BC youth for lifelong success. JABC programs focus on financial literacy, work readiness, and entrepreneurship. In 2021, we approved a three-year partnership supporting the World of Choices program, which connects students to professionals in the field of financial services and other industries. Last year, over 700 students participated in the program.



Kelowna Community Resources

Kelowna Community Resources is a multi-service agency focused on strengthening the communities in the Okanagan. In 2021, the Volunteers4All program was initiated to help diverse people facing multiple barriers find meaningful and secure employment and provide access to training and resources. Through the Foundation's support, the Volunteers4All program will benefit over 600 non-profits in the Okanagan that have struggled with recruiting volunteers during the pandemic.



Continued community partnerships



Arts Umbrella

Arts Umbrella provides access to high-quality art programming for families and children facing geographical, cultural, or financial limitations. In 2021, the Prospera Artful Afternoons, Drop-in programs, and Spring Break Camps were able to continue in-person with safety procedures in place. With our support, Arts Umbrella was able to provide 165 young people with exciting opportunities to explore their creativity while developing their imagination and self-esteem.



ArtStarts in Schools

ArtStarts provides innovative arts programs for young people, offers practical resources for teachers and artists, and is an advocate for arts in education. In 2021, ArtStarts reached over 1,000 participants through its in-person and online programs through schools and weekly family workshops that explored a wide range of cultures and artistic disciplines.



Canucks Autism Network

The Canucks Autism Network (CAN) helps families with autistic children or dependants engage with one another through various learning development programs and sporting activities. In 2021, CAN helped more than 7,600 members across our communities, led over 350 weekly in-person and virtual programs, and offered 18,620 programs spaces.





During this unprecedented time, it is so important that we continue to encourage young people to thrive. We have seen our community's appetite for creative expression grow as the pandemic endures. In response, we have worked hard to adapt our Prospera Artful Programs for safe in-person delivery. Together, we are creating a brighter future for children and youth in our communities.

Paul Larocque, President & CEO, Arts Umbrella



Thank you, this makes a huge difference! I would make sacrifices for him to play but thanks to KidSport, we can keep our cupboards full of food and there's less stress on this single dad of two.

KidSport BC parent



Central Okanagan Community Foodbank

The Central Okanagan Community Foodbank (COFB) supports families, individuals, and youth across the entire community of Kelowna. With needs increasing significantly in 2021, our funding provided additional support to make over 250 deliveries per month and help 54,000 individuals living in the community.



KidSport BC

KidSport is committed to help families remove financial barriers that prevent children from playing organized sports. With this year's support, 170 kids were able to play sports across 14 communities. The kids involved in this program face disadvantages growing up and include Indigenous youth, new Canadians, and athletes with a disability.



Maple Ridge and Pitt Meadows Arts Council

Maple Ridge and Pitt Meadows Arts Council (ACT) promotes and celebrates the arts. In 2021, the ACT developed a COVID safety plan and used The Centre to record and livestream community events that included local musicians, dances, the annual youth talent show, and culture days. The ACT was also able to support over 2,750 attendees with their classes and workshops.





We are grateful for this support, which allowed us to be flexible and nimble in the face of ever-changing health orders, enabling us to continue with Arts Learning Programs, Art Gallery Exhibitions and ACT Presents performances.

Curtis Pendleton, Artistic and Executive Director, Maple Ridge and Pitt Meadows Arts Council



Mission Hospice Society

The Mission Hospice Society (MHS) provides compassionate care, resources, and advocacy to enhance the quality of life for individuals and families facing grief, loss, or end of life transition. With our support and the commitment of the organization's volunteers, MHS supported over 3,000 individuals both in-person and virtually in 2021.



South Vancouver Family Place

South Vancouver Family Place (SVFP) supports families and caregivers with young children and is committed to fostering a healthy family and community life. In 2021, SVFP offered 200 hours of mental health online counselling, created 130 virtual children's activities, provided access to up-to-date public health information, and delivered 3,400 food hampers to those most in need.



Special Olympics BC

Special Olympics BC (SOBC) is committed to enriching the lives of athletes across the lower mainland. Although 2021 was another challenging year with the COVID-19 pandemic, with the Foundation's support, SOBC volunteers and athletes were able to maintain connections and support training using virtual platforms, as well as in-person pilot programs when safely possible. More than 500 athletes took part in virtual athlete leadership and health education workshops, gaining leadership and advocacy skills, as well as education on physical and mental wellness.





One mom was really struggling with being a single parent for the upcoming Christmas holiday. She really appreciated having several Zoom counselling sessions to help her be emotionally present and give her children a good Christmas.

South Vancouver Family Place
counsellor

About the Prospera Foundation

We're guided by a dedicated board of directors and senior executives from Prospera Credit Union and are a registered charity with the Canada Revenue Agency. In December 1992, the Prospera Foundation was incorporated under the former *BC Society Act*. In June 2017, it transitioned to the *BC Societies Act*, which came into force on November 28, 2016.

We're proud to have contributed more than \$5.2 million in financial support to local organizations since incorporation in 1992 and have more than \$10.7 million in assets as of December 31, 2021. The Foundation receives all of its capital from the credit union and income earned on this capital helps fund the donations to a variety of charitable organizations in our communities each year.

In 2021, Prospera **donated \$500,000** to the Foundation, making it one of the **largest credit union foundations in Canada.**



Financial Statements of Prospera Foundation

Year ended December 31, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Prospera Foundation

Opinion

We have audited the financial statements of Prospera Foundation (the Entity), which comprise:

- the statement of financial position as at December 31, 2021
- 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, 2021 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

Vancouver, Canada

March 1, 2022

Statement of financial position

Year ended December 31, 2021, with comparative information for 2020

	Note	2021	2020
Assets			
Current assets			
Cash and cash equivalents		\$ 339,981	\$ 301,694
Short-term investments	4	293,402	93,402
Interest receivable		54,907	57,870
Dividends receivable		22,746	18,585
		711,036	471,551
Investments			
Term deposits and fixed income investments	4	4,451,050	4,688,684
Preferred shares	4	5,637,791	4,578,034
		10,088,841	9,266,718
		10,799,877	9,738,269
Liabilities and Fund Balances			
Fund balances			
Non-restricted fund		\$ 797,627	\$ 236,019
Restricted fund		10,002,250	9,502,250
		\$ 10,799,877	\$ 9,738,269

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

Approved on behalf of the board:



Rod Thomson
Chair



TJ Schmaltz
President

Statement of operations and fund balances

Year ended December 31, 2021, with comparative information for 2020

	Note	2021			2020		
		Non-restricted	Restricted	Total	Non-restricted	Restricted	Total
Revenues							
Interest		\$ 218,876	\$ -	\$ 218,876	\$ 175,992	\$ -	\$ 175,992
Dividends		249,511	-	249,511	238,062	-	238,062
Gain on sale of investments		13,413	-	13,413	-	-	-
Unrealized gains on investments		497,253	-	497,253	65,804	-	65,804
Donations		-	500,000	500,000			
Expenditures							
Community grants	5	(417,445)	-	(417,445)	(334,066)	-	(334,066)
Surplus of revenues over expenditures		561,608	500,000	1,061,608	145,792	-	145,792
Fund balance, beginning of year		236,019	9,502,250	9,738,269	90,227	9,502,250	9,592,477
Fund balance, end of year		\$ 797,627	\$ 10,002,250	\$ 10,799,877	\$ 236,019	\$ 9,502,250	\$ 9,738,269

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

Statement of cash flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in)		
Operating activities		
Surplus of revenues over expenditures	\$ 1,061,608	\$ 145,792
Items not affecting cash:		
Unrealized gains on investments	(497,253)	(65,804)
Gain on sale of investments	(13,413)	-
Changes in non-cash operating items:		
Premium amortization on fixed income investments	33,694	23,886
Interest receivable	2,963	111
Dividends receivable	(4,161)	1,093
Net cash provided by operating activities	583,438	105,078
Investing activities		
Purchase of preferred shares	(2,995,898)	-
Purchase of term deposits & fixed income investments	(919,706)	-
Purchase of short-term investments	-	(93,402)
Sale of term deposits and fixed income investments	932,451	205,766
Sale of preferred shares	2,438,002	-
Net cash (used in) provided by investing activities	(545,151)	112,364
Increase in cash and cash equivalents	38,287	217,442
Cash and cash equivalents, beginning of year	301,694	84,252
Cash and cash equivalents, end of year	\$ 339,981	\$ 301,694

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

Notes to Financial Statements

Year ended December 31, 2021, with comparative information for 2020

1. Purpose of the foundation

Prospera 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 Prospera Credit Union (the credit union). The foundation changed its name to Prospera Foundation, effective June 29, 2021. The foundation was formerly known as Westminster Savings Foundation.

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 Board of Directors (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 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 revenues 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 dividends receivable and investments.

(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.

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
Dividends 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 6.

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 the weighted-average interest rates and maturity terms:

Maturity	Average rate	2021	2020
Short-term investments			
2021	1.15%	\$ -	\$ 93,402
2022	1.65%	293,402	-
Term deposits and fixed income investments			
2022	2.25%	-	200,000
2023	3.73%	-	940,216
2027	3.88%	1,397,285	1,399,785
2031	4.59%	3,053,765	2,148,683
		4,451,050	4,688,684
Preferred shares ¹	4.53%	5,637,791	4,578,034
		10,382,243	9,360,120

¹Preferred shares do not have a maturity date.

5. Community grants

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

	2021	2020
Junior Achievement of BC	\$ 75,000	\$ -
Archway Community Service	70,000	-
Children's Arts Umbrella Association	50,000	75,000
KidSport British Columbia	50,000	75,000
Special Olympics British Columbia Society	50,000	75,000
Kelowna Community Resources	37,445	-
Canucks Autism Network Society	20,000	20,000
Maple Ridge and Pitt Meadows Arts Council	20,000	20,000
Dress for Success Vancouver	15,000	-
South Vancouver Family Place Society	10,000	20,000
The Art Starts in Schools Society	10,000	20,000
Central Okanagan Community Foodbank	5,000	12,033
Mission Hospice Society	5,000	12,033
Evergreen Cultural Centre Society	-	5,000
	\$ 417,445	\$ 334,066

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, 2021 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 \$294,160 (2020 - \$296,073).
- The credit union paid interest on these deposits of \$5,148 (2020 - \$6,722).
- The credit union donated \$500,000 to the foundation (2020 - 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. On March 11, 2020 the outbreak of COVID-19 was declared a pandemic by the World Health Organization. Measures undertaken to contain the spread of the virus, such as vaccination campaigns, have succeeded in curbing outbreaks of the virus. These measures combined with less restrictive public health measures have provided an improving macroeconomic environment. However, the pandemic, fueled by more contagious variants, continues to pose a risk to the recovery. As a result, the foundation continues to operate in an uncertain macroeconomic environment. 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.



Prospera Foundation

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