

MEMORANDUM

To: WCI, Inc Board of Directors
From: Joel Creswell, Treasurer
Date: September 24, 2025
Re: Treasurer's Report: Evaluation of Compliance with the WCI, Inc. Funds Management Policy

Introduction

WCI, Inc. maintains a [Funds Management Policy](#) (the "Policy") that establishes requirements for the management of the Corporation's funds. The Policy specifies the Corporation's fund management objectives and defines the duties of the Board, the Finance Committee, the Treasurer, and financial institutions being used to hold the Corporation's assets, the "custodians."

Section 6 of the Policy, "Monitoring," states that:

At least annually, the Treasurer shall prepare and present to the Board an evaluation of the compliance with this policy, including a summary of the Corporation's financial transactions and holdings, consistency with the required asset allocation, and a statement as to the extent to which each of the policy objectives has been achieved.

If directed by the Board, the Audit Committee may undertake an independent evaluation of the compliance with this policy.

This report to the Board fulfills this reporting responsibility of the Treasurer.

Method

This evaluation covers the period of September 1, 2024, through August 31, 2025.¹ The evaluation was performed by reviewing the financial transactions conducted by the Corporation and the activities of the Finance Committee, Treasurer, and Executive Director. The evaluation focused on each of the major elements of the Policy, including:

1. Were the duties carried out as specified in the Policy?
2. Were the funds managed with the standard of care defined in the Policy?
3. Did the asset allocation conform to the requirements of the Policy?
4. Were any prohibited activities conducted?

Finally, this evaluation assesses the extent to which each of the Policy's objectives was achieved.

¹ Prior Treasurer's evaluations are available on the [Documents Page of WCI, Inc. Website](#) under the heading "Policies of the Corporation."

Discussion

Summary of Financial Activities: The funds of the Corporation are managed by the Executive Director with assistance from WCI, Inc. staff and the accountant according to the procedures defined in the [WCI, Inc. Accounting Policies and Procedures](#). The financial activities are reviewed regularly by the Finance Committee. Annually, the Audit Committee oversees the conduct of the financial audit according to the [Audit Committee Charter](#).

During the period examined in this report, the financial activities included the following:

- **Funds Received:** Funds were received from the States of California, Washington, and New York, and the province of Québec, and deposited into WCI, Inc. checking accounts at BMO, in the United States, or Desjardins, in Canada.
- **Cash and Cash Flow Requirements:** Cash was held in the two checking accounts, a money market savings account, in the United States, and an Enhanced Investment Business Account (similar to a savings account), in Canada, to ensure that sufficient funds were available to satisfy cash flow requirements in US dollars (USD) and Canadian dollars (CAD).

WCI, Inc. maintained a checking account and a money market savings account at BMO. Funds in the BMO checking account and in the money market savings account are insured by the US Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 USD by financial institution.

The Desjardins Group is a Québec-based federation of credit unions in which each branch is called a *caisse*. WCI, Inc. maintained one checking account and one Enhanced Investment Business Account at *Caisse Desjardins de l'Administration et des Services publics* located in Québec city. Funds in CAD in those accounts are insured by the Québec *Autorité des marchés financiers* (AMF) up to \$100,000 CAD by *caisse*.

The May 14, 2019, amendment to the Policy authorized the Corporation to hold cash in interest-bearing and non-interest-bearing accounts above the amounts insured by the FDIC, Canadian Deposit Insurance Corporation (CDIC), or AMF to meet the cash-flow requirements of the Corporation, allow for funds to clear a temporary hold by a Custodian or to support administrative efficiency. Consistent with the Objectives of the Policy, funds shall be insured to the maximum extent practical.

- **FDIC-Insured Money Market Accounts:** Most WCI, Inc. funds were held in USD and managed at BMO through money market accounts, each below \$250,000 USD, to achieve the objectives of the Funds Management Policy, including cash flow and preservation of principal.
- **Payments:** Payments were made to contractors, suppliers, employees, and tax authorities according to the requirements of each and following appropriate authorization by Corporation officials.

BMO charged wire transfer fees ranging from \$182.48 USD to \$832.15 USD per month for a total of \$5,335 USD during the year. Desjardins charged service fees of \$5.95 CAD per month for a total of \$71.40 CAD during the year for both accounts.

Duties Specified in the Policy: The Policy specifies duties for the Board, the Finance Committee, the Treasurer, and the custodians.

- **The Board.** It is the Board's responsibility to "...ensure that appropriate policies governing the management of the Corporation's funds are in place and that they are implemented." The Board ensured that appropriate policies are in place by adopting and amending the Policy. It is also required to ensure that the Policy is implemented. At the Annual Board Meeting in October 2018, the Board reviewed and discussed the implementation of the Policy based on the Treasurer's report. It amended the Policy based on the recommendation of the Finance Committee at its meeting in May 2019. Through its discussion and review of this report, the Board may assess whether additional steps are required to ensure that the Policy continues to be properly implemented.
- **Finance Committee.** The Finance Committee is directed as follows: "At least once per year the Finance Committee shall review the Corporation's policies governing the management of the Corporation's funds, and as appropriate recommend to the Board changes in those policies to better serve the Corporation." During the period of this evaluation, the Finance Committee held ten conference calls from September 1, 2024 through August 31, 2025. During each call, the Finance Committee reviewed the financial status of the Corporation, including cash flow projections and adherence to the Policy. Based on the review and recommendation of the Finance Committee, no amendment to the Funds Management Policy was deemed necessary in 2025.
- **Treasurer.** The Treasurer is directed to do the following under the Policy: "The Treasurer shall prepare and keep current a cash flow projection for the Corporation that at a minimum shows anticipated revenues and expenditures for the coming 18 months. After review and approval by the Finance Committee, the Treasurer shall provide the cash flow projection to the Executive Committee at least quarterly." On behalf of the Treasurer, the Executive Director maintained the 18-month cash flow projection, presented the projection to the Finance Committee during each of its calls, and provided the cash flow projection to the Executive Committee on a quarterly basis.
- **Custodians.** BMO and Caisse Desjardins were the custodians during the period examined in this report. Accounts were maintained at BMO and Desjardins, and those financial institutions executed all transactions. The Corporate credit card was maintained through BMO. The responsibilities of custodians include: "...executing financial transactions at the direction of duly authorized corporate representatives...[and] provid[ing] complete and accurate monthly and annual reports..." BMO and Desjardins executed transactions at the direction of the Executive Director and Assistant Executive Director, and provided reports, which were reviewed by the Executive Director on an ongoing basis and by the accountant on a monthly basis. Additionally, online reports are available for review at any time by the Chair, Treasurer, and Secretary of the Board, including all credit card activity and the savings accounts summary.

Standard of Care: The Policy specifies the standard of care with which the Corporation's funds are to be managed:

Funds shall be managed with prudence consistent with all the objectives of this policy. Care shall be taken to avoid accepting risks, for example by matching maturities of securities to cash flow requirements to avoid being required to sell securities at market rates during unfavorable market conditions.

The activities conducted during the period examined in this report conform to the standard of care specified in the Policy. The Policy also recognizes the importance of adhering to the Corporation's [Ethical Guidelines and Conflict of Interest Policy](#) concerning funds management activities. No potential or actual conflicts of interest were identified during the period examined.

Asset Allocation: The Policy specifies that "...financial assets listed in Table 1 are eligible for managing the Corporation's funds, within the allocation ranges shown..." (see Table 1, below). During the period examined for this report, the Corporation's financial assets were maintained using instruments listed in Table 1, effective for the period covered by this report.

Table 1: Authorized Asset Allocation

Asset	Allocation Range
Cash in interest-bearing and non-interest-bearing accounts, in amounts that are fully insured by the Federal Deposit Insurance Corporation (FDIC), the Canadian Deposit Insurance Corporation (CDIC), or the <i>Autorité des marchés financiers</i> (AMF). The Corporation may hold cash in interest-bearing and non-interest-bearing accounts above the amounts insured by the FDIC, CDIC, or AMF to meet the cash-flow requirements of the Corporation, allow for funds to clear a temporary hold by a Custodian or to support administrative efficiency. Consistent with the Objectives of the Policy, funds shall be insured to the maximum extent practical.	0% to 100%
Certificates of Deposit in amounts that are fully insured by the Federal Deposit Insurance Corporation (FDIC) or the Canadian Deposit Insurance Corporation (CDIC).	0% to 100%
United States Treasury Securities	0% to 100%
Government of Canada bonds and treasury bills	0% to 100%
General Obligation Bonds Issued by any of the Participating Jurisdictions	0% to 25%

During the period examined for this report, the asset allocation, aggregated from the final day of each month, was:

Table 2: Asset Allocation During the Period Examined for This Report

Assets	Portion of Assets			Average Time of Maturity
	Average	Minimum	Maximum	
Cash (bank checking and savings accounts)	100.0%	100.0%	100.0%	(NA)
US & Canadian Checking Accounts	24.5%	17.9%	31.2%	(NA)
US Money Market Savings Account	75.5%	68.8%	82.1%	(NA)

From September 1, 2024, through August 31, 2025, the balance in the BMO checking account was maintained between \$28,132 USD and \$2,208,709 USD (at the end of the day), in compliance with the Policy.

During the same period, the cumulative balance of the checking account and associated Enhanced Investment Business Account at Desjardins was maintained between \$860,128 CAD and \$2,518,723 CAD throughout the year, in compliance with the Policy. The remaining assets were held in FDIC-insured money market accounts, each below \$250,000 USD, at BMO. During the period covered by this report, the BMO Money Market Savings Account maintained a month-end balance that fluctuated between \$11,531,296 USD and \$13,696,722 USD.

Prohibited Activities: The Policy specifies that certain activities are prohibited. No prohibited activities were conducted during the period examined for this report.

Findings and Recommendations

During the period examined for this report, the financial assets of the Corporation were managed according to the requirements of the Policy.

- For US operations, the ability to utilize a bank checking account and a money market savings account through a single institution (BMO) provided an efficient and transparent mechanism for managing most of the Corporation's financial assets.
- For Canadian operations, the ability to utilize one checking account and one associated savings account (called an Enhanced Investment Business Account) through a single institution (Desjardins) ensured that sufficient funds were available to satisfy cash flow requirements in Canadian dollars (CAD) while achieving a competitive rate of return (net of fees), consistent with the achievement of the other objectives of the Policy, in particular recognizing the paramount importance of the preservation of principal.

The cash flow projection was found to be an important and useful tool for managing the assets of the Corporation. The regular review by the Finance Committee of the Corporation's activities, financial position, and cash flow was an important process by which Board members on the Committee were kept informed. Based on this review, the following are the findings regarding each of the objectives included in the Policy:

1. Funds shall be managed in a manner that complies with all applicable laws.
All applicable laws have been followed.
2. Funds shall be managed in a manner that complies with all requirements specified in funding agreements entered into by the Corporation.
Funds have been managed in a manner that complies with all requirements specified in funding agreements entered into by the Corporation.
3. Funds shall be managed to support the cash flow requirements of the Corporation as developed by the Treasurer, including expected requirements in Canadian and US dollars.
An 18-month cash flow analysis was kept current and presented to the Finance Committee on a monthly basis. During the period examined, funds were successfully managed to support the cash flow requirements of the Corporation without exception, in both US and Canadian dollars.
4. Funds shall be managed to preserve principal to the maximum extent possible.
Principal was fully preserved in all cases.

5. Funds shall be managed to achieve a competitive rate of return (net of fees), consistent with the achievement of the other objectives, in particular recognizing the paramount importance of the preservation of principal.

The 3.35 % average rates of return on the market money savings account at BMO and the 3.18 % average rates of return on the Enhanced Investment Business Account at Desjardins were consistent with market conditions. While the returns are relatively low, the choice of these instruments is consistent with the objective of preserving principal. The fees incurred during the period examined were service charges, and international and domestic wiring fees at Caisse Desjardins and BMO.