



ADMINISTRATIVE REPORT

Report Date: March 31, 2016
Contact: Anita Molaro
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VanRIMS No.: 08-2000-20
Meeting Date: May 3, 2016

TO: Vancouver City Council
FROM: Vancouver Heritage Foundation
SUBJECT: Vancouver Heritage Foundation Board - Annual Report 2015

RECOMMENDATION

- A. THAT Council approve the 2015 Annual Report of the Vancouver Heritage Foundation attached as Appendix A.
- B. THAT Council approve payment of a grant to the Vancouver Heritage Foundation in the amount of \$124,850 to be used as operating funds for the third year of the three-year operating agreement, source of funding the 2016 Operating budget.
- C. THAT Council authorize the Director of Legal Services to draft and execute a new three-year operating agreement at a base annual cost of \$127,500, plus inflationary increases, for the 2017, 2018 and 2019 calendar years, for the Vancouver Heritage Foundation's services, and that the new operating agreement be to the satisfaction of the Director of Legal Services and the City Manager. Funding for future years will be addressed as part of the annual operating budget process.

REPORT SUMMARY

This report seeks Council approval of the Vancouver Heritage Foundation ("VHF") 2015 Annual Report as required pursuant to the current 2014-2016 operating agreement with the City (the "Current Agreement"). In addition, this report seeks approval of operating funds for 2016 as outlined in this report and in accordance with the terms of the Current Agreement. This report also seeks authorization for the City to enter into a new three-year operating agreement with the VHF, commencing in 2017 and expiring in 2019 (the "New Agreement").

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Council approved the creation of the City of Vancouver Heritage Conservation Foundation, now known as the Vancouver Heritage Foundation in June 1992, with the Mayor and Council as its Directors. On January 1, 1998 the Mayor and Council relinquished day-to-day governance to an independent Board of Directors appointed by City Council, who remain as Honorary Directors.

On September 13, 2001 Council approved a three-year contract (2002-2004) with VHF at an annual cost of \$100,000, subject to an annual report from VHF. Since then, Council has approved annual reports from VHF and successive three-year operating agreements including most recently on May 15, 2013 when Council authorized the Current Agreement for VHF from 2014-2016 at an annual cost of \$120,000 plus inflationary increases. On April 14, 2015 Council approved the 2014 Annual Report of the VHF and authorized payment for 2015, the second year of the 2014-2016 Agreement.

Approval of grant recommendations requires eight affirmative votes of Council.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The Acting General Manager of Planning and Development Services recommends approval of the foregoing.

REPORT

Strategic Analysis

The VHF's Current Agreement states that the release of operating funds is subject to Council's approval of an annual report to Council by VHF which is to consist of:

- A review of VHF's accomplishments during the prior year;
- An outline of VHF's challenges and opportunities in connection with heritage conservation in the City;
- A review of VHF's operations and a financial report (including audited financial statements) for the preceding year;
- An outline of VHF's budget for the current year and strategic projects that VHF intends to use to address the challenges and build on the opportunities; and
- A progress report on the generation of an operating endowment fund.

The mandate of VHF is to support the conservation of the City's heritage buildings in recognition of their contribution to the City's culture, economy and sustainability. VHF supports the conservation of the City's built heritage through:

1. Education and public awareness activities;
2. Granting programs that act as economic incentives for the repair and maintenance of heritage buildings;

3. The creation of a network of heritage building related resources including organizations, businesses, trades and professionals; and
4. Fundraising to grow an endowment fund to benefit heritage conservation activities into the future.

2015 Annual Report

In 2015 VHF supported the conservation of heritage buildings in the City (Appendix A is a full report of VHF activities). As highlighted in the annual report, in 2015 VHF:

- Maintained and renewed programming, offering four major house tour events, a wide variety of relevant lecture and workshop topics and new programming to engage current and new audiences including Asian Heritage Month walking tours and a documentary film screening.
- Continued to engage with the public on “Places That Matter” plaque presentations.
- Participated in the Province-wide Heritage Week in February with a variety of public events.
- Fully launched an online interactive map of the Vancouver Heritage Register with an image for nearly every site and in mobile device compatible format.
- Completed a guide for homeowners on the requirements of the new Vancouver Building By-Law when doing renovations on older homes.
- Supported the Heritage Action Plan process with participation, research and communications.
- Launched the Heritage Energy Retrofit Grant pilot program with support from the City of Vancouver.
- Continued to grow the new Student Access Program to make it easier for students to access VHF events and workshops.
- Grew VHF social media connectivity as a tool engaging with the public about the VHF mandate and programs as well as heritage conservation topics and achieved extensive media coverage.
- Continued to manage the financial health of the organization by ensuring diverse funding sources leveraged from the operating grant from the City of Vancouver. More than 70% of VHF operating revenues came from fundraising, sponsorships, grants, programs and investment income.

Operating Summary

- General: the operating budget was over three and a half times the City of Vancouver operating grant of \$122,400.
- Funds & Assets: As of December 31, 2015, VHF has \$860,893 (\$834,488 in 2014) in investments for endowment purposes with an additional \$160,194 (\$153,403 for 2014) for the Save the Buildings Fund to rescue threatened heritage buildings. Further funds of approximately \$418,000 are held at the Vancouver Foundation and provide interest income to VHF.
- Revenues and expenditures:
 - Total revenues decreased by \$33,962 (6.5%) from \$522,067 in 2014 to \$488,105 in 2015.
 - The major contributors to the decrease were lower growth on investments, a decrease in house tour revenue and special projects

- revenue. Donations and fundraising revenues increased by \$14,125 (16%).
- Total expenditures decreased by \$14,355 (3%) from \$432,795 in 2014 to \$418,440 in 2015.
 - The major contributors to the decrease were reductions in Staff and Contractors costs of \$4,478, other programs, granting and special projects of \$7,295, and professional fees of \$3,060.
 - At the end of the year revenues exceeded expenditures by \$69,665.

2016 Work Plan

In 2016, VHF proposes to undertake activities to further heritage conservation objectives as described in the work plan (Appendix D). Some of the key activities for the year include:

- Continuing house tours, walking tours, evening lectures, lunchtime talks and Old School education programs.
- Programs to engage widely including Heritage Week activities and special tours.
- Further development of the Heritage Site Finder interactive map and a Places That Matter online platform.
- Continued support and input to the Heritage Action Plan process through the Public Advisory Committee, programming, special projects and communications.
- Continued grants program to support restoration and maintenance of heritage buildings.
- Relaunch of Heritage Energy Retrofit Grant program following conclusion and analysis of the pilot program.
- Further growth of the Student Access Program to increase participation of students in VHF programs.
- Ongoing social media engagement and other communications with a growing community.

These activities will be supported through the annual operating funds being requested in this report as well as fundraising activities, program revenues, sponsorships, grants and investment income. The 2016 operating budget for VHF is included in Appendix C.

Financial

Approval of Recommendation B in this report will authorize the payment of a grant in the amount of \$124,850 for 2016 as per the third year of the Current Agreement. Funding for 2016 is included in the 2016 Operating Budget.

Legal

The Current Agreement requires VHF to submit annual reports for Council approval in order to receive funding. Submission of this report including appendices fulfils the reporting requirement and, subject to Council approving the report (Recommendation A), Council can also approve funding for 2016 (Recommendation B). Approval of Recommendation C authorizes the Director of Legal Service to draft and execute a

New Agreement for 2017-2019 inclusive, at a base cost of \$127,500 including two percent cost of living increases.

CONCLUSION

VHF continues to maintain and refresh its public programs that support and promote the conservation of Vancouver's heritage buildings and sites. Through tours, lectures, workshops and granting, as well as wide-reaching communications and information resources, VHF encourages people to understand and value the City's history and heritage sites, and to retain, reuse and rehabilitate buildings. VHF does this because heritage buildings contribute to the revitalization of distinctive neighbourhoods, they help create a culturally and environmentally sustainable city, and they are attractive places for tourists and locals to visit and live. VHF serves about 6,000 people annually through its programs and reaches many more through communications and information resources.

According to the audited financial statements, the VHF revenues in 2015 were \$488,105. Of this, \$122,400 came from the City of Vancouver operating grant while \$164,127 was raised through VHF programs, and \$201,578 was raised by VHF through fundraising activities, grants received and investments. VHF is a financially healthy organization with revenue from diverse sources and expenses in line with revenues.

Programs planned for development in 2016 support the Greenest City 2020 goals through the renewal of the Heritage Energy Retrofit Grant program promoting energy efficiency improvements in older homes, and ongoing education and engagement on the value and methods of retaining and reusing buildings.

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Vancouver Heritage Foundation (VHF)

Vancouver Heritage Foundation was established as a charitable organization in 1992 by Mayor and Council, who were its inaugural governing body and remain VHF's Honorary Members. Since 1998 VHF has been governed by a citizen Board of Directors appointed by Mayor and Council.

The VHF Mission

Vancouver Heritage Foundation is a registered charity supporting the conservation of heritage buildings and structures in recognition of their contribution to the city's economy, sustainability and culture. VHF does this by:

- Developing practical tools, information and incentives to help in the successful conservation of heritage buildings and structures.
- Creating opportunities to access and learn about Vancouver's heritage buildings.
- Fundraising in the public and private sectors to build an endowment that will protect our built heritage into the future.
- Promoting relationships that support heritage conservation.

WHY PRESERVE HERITAGE BUILDINGS?

Vancouver Heritage Foundation develops and implements programs to support the retention, restoration and rehabilitation of heritage buildings and sites. VHF programs encourage Vancouverites to understand and value the history and built heritage of the city, and to keep, reuse, restore and rehabilitate older buildings. This has far-reaching benefits. Heritage buildings and sites provide markers in telling the stories of Vancouver's rich history. They anchor a sense of place for communities, can be a focal point for social cohesion and cultural expression, and can be a catalyst for neighbourhood revitalization. Heritage buildings contribute to the economy through skilled jobs in renovating and caring for older structures, providing attractive work environments, as well as enhancing Vancouver's appeal as a tourist destination. Retention and reuse of heritage buildings is also important for environmental sustainability, diverting waste from the landfill and reducing the need for new energy-intensive materials. Heritage conservation is a complementary goal with other City goals of sustainability and economic growth, and it is essential to maintaining the unique and rich culture of Vancouver.

CURRENT CHALLENGES AND OPPORTUNITIES FOR HERITAGE CONSERVATION IN VANCOUVER

The environment for heritage conservation continued to be challenging through 2015. Rapid growth in real estate values continues to put pressure on older buildings for renewal, threatening individual heritage buildings as well as streetscapes and neighbourhood character. However, positive steps have been taken with the Heritage Action Plan process towards encouraging retention and conservation, and further progress on that will be important.

A high proportion of Vancouverites value their city's heritage buildings and sites and want to see more conservation.¹ VHF's work to encourage and facilitate heritage conservation through awareness, education and grants continues to be highly relevant, further building interest and

¹ Vancouver Heritage Foundation, *Heritage Conservation in a Green and Growing City*, 2012.

knowledge, and providing support to owners and professionals. VHF's special projects including web tools such as the Heritage Site Finder, community engagement such as Places That Matter, as well as house tours and publications all contribute to increasing knowledge, support and capacity.

Vancouver Heritage Foundation Board and Staff continue to be fully supportive of the Heritage Action Plan process and look forward to further developments that update and strengthen heritage conservation programs in Vancouver. VHF will continue to reach out through multiple channels to help Vancouverites be informed and to engage in this significant opportunity.

HOW THE VHF SUPPORTED HERITAGE CONSERVATION IN 2015

I. PUBLIC AWARENESS, EDUCATION PROGRAMS AND ACCESS TO HERITAGE

- Maintained existing awareness and education programs: (1) Held the 7th annual **Vancouver Special House Tour**, opening five renovated examples of this uniquely-Vancouver house style and encouraging the concepts of retention and reuse of existing buildings, attended by 450 people; (2) The 13th annual **Heritage House Tour** was held in early June with over 1100 people visiting nine locations (fourteen homes) across the city. The tour is a one-day, self-guided tour where visitors use a guidebook that provides the history of each house or building, renovation work done and information about neighbourhoods and themes highlighted by the homes on the tour; (3) Six West Coast Modern homes opened on the 10th annual **Mid-Century Modern House Tour**, with both self-drive and bus tour options accommodating over 200 people; (4) The 6th annual **Laneway House Tour** featured six houses, including new lane homes, and a ground-breaking 1990 infill, toured by over 550 people; (5) **Brown Bag Lunch & Learn** at BCIT Downtown offered six lunchtime sessions on relevant and current heritage projects in the city; (6) Six **Evening Lectures** with the University Women's Club at Hycroft discussed topics relevant to Vancouver's history and heritage; (7) The **Walking Tours** program continued with over 20 walks in neighbourhoods across the city from March to October.
- Maintained **Old School: Courses for Building Conservation**, a certificate program for trades, professionals and homeowners which brings together the theory and practice of rehabilitating older buildings. Nine workshops included several core courses as well as a new course, Heritage Projects: From Idea to Completion, and a re-tooled course on Drafting a Conservation Plan. All courses are recognized for Professional Development Credits from AIBC, PIBC, BOABC, BCAAIC, IDIBC and BCSLA.
- Continued an emphasis on special events with appeal to new audiences: Two special walking tours highlighted **Japanese Canadian and South Asian history** in the Kitsilano neighbourhood while two events in the fall visited Chinatown to highlight the historic significance of the area and enjoy Dim Sum. A summer series of five free lunchtime walking tours was also offered in partnership with the Downtown Vancouver Business Improvement Association.
- VHF offered a full program of events in **Heritage Week**, a National and Province-wide celebration of built heritage held in February. Events included four walking tours on the theme of 'Main Street: At the heart of the community' and communications also highlighted the theme.

- The **Places That Matter** plaque program celebrates places that matter to Vancouverites, raising awareness of the City's cultural history and engaging the public through presentation ceremonies. It was launched as part of Vancouver 125 celebrations. By the end of 2015, 85 plaques had been presented.
- Continued **The WALL** at CBC plaza, a public art exhibit in partnership with CBC Radio-Canada with support from JJ Bean Coffee Roasters and produced in partnership with City of Vancouver Public Art. A new five-year agreement was signed with CBC to continue the partnership. A new artwork by artist Faith Moosang, was installed in the fall and launched with an artist's talk.
- A **documentary film** of three VHF case studies, *Restoring Community*, was launched with a film screening and panel discussion in early February at Vancity Theatre with sponsorship from UBC School of Architecture and Landscape Architecture. Funding for the film was provided by Telus and it was created by local film makers. The film is available to the public on the VHF website as a resource.
- The **Heritage Site Finder interactive map** of the Vancouver Heritage Register was formally launched at the #HeritageReboot event at the Roundhouse on May 23rd in collaboration with the City of Vancouver and other heritage partners. The map is now fully mobile device compatible. With help from 50 volunteers, the map has a current image for nearly all of the 2200 sites on the Register and research information continues to be added. A grant from the Heritage Legacy Fund (Heritage BC) and in-kind sponsorship from SplitMango Media as web development partner enabled the completion of this innovative web tool.
- Supported the City of Vancouver-led second **Doors Open Vancouver** event on October 3rd, assisting with planning and participating on the day at City Hall.
- Continued to maintain a depth of online **information resources for the public** and to assist many people with their questions about heritage conservation by phone and email, including connecting them to professionals and trades who can help with specific projects.
- Completed a new publication, "**An Introduction for Homeowners: The 2014 Vancouver Building By-Law**", working with City staff, to help those planning renovations on older homes in understanding the requirements.
- Supported the **Heritage Action Plan** with participation on the Public Advisory Committee, as well as online communications to help the public be informed and get involved. Four walking tours through the First Shaughnessy neighbourhood in the spring shared development history with over 100 people.
- Continued the **Student Access Program** through its first full year, offering discounted and/or sponsored tickets/seats to full-time students for house tours, lectures, talks and Old School workshops. VHF also hosted two internships.
- **Communicated through web, social media, email and print** with more than 10,000 people about the historical and current value of the city's older buildings, heritage conservation topics and VHF events.
 - Spring and fall newsletters and a bi-weekly e-newsletter provided core communication vehicles about VHF events and projects, and heritage news.

- Web pages were maintained on the VHF website on key heritage topics including: Understanding the Heritage Action Plan to provide easy-to-access information for the public with regular updates.
- Social media connectivity continued to expand through the year by 20% across multiple platforms. VHF contributed multiple posts to two different popular blogs in 2015.
- **Media coverage** throughout the year on radio, in print and online augmented VHF's reach to a wide audience.
 - A regular feature on CKNW's The Home Discovery Show (radio) reached an interested audience of homeowners on topics related to maintaining heritage buildings.
 - VHF events, projects and heritage information were featured by multiple media including The Vancouver Sun, The Vancouver Courier, The Huffington Post, Real Estate Weekly, Scout Magazine, and Breakfast Television.

II. GRANTS TO STIMULATE BUILDING MAINTENANCE & RESTORATION

In 2015, VHF continued established granting programs, providing much needed encouragement to building and home owners for conservation work and important maintenance. VHF dispersed **8 grants** for a total of \$7,000. VHF's established programs offer grants for:

1. True Colours – paint exterior of buildings in the original colours of Vancouver, with up to \$1,000 matching grant, and complimentary paint provided by partner Benjamin Moore & Co.
2. Restore It – repair and maintain heritage listed buildings' exterior elements (roofs, porches, window repair, siding repair) for 50% of the cost of the project to a maximum of \$2,000.
3. House Call – heritage consultants visit homes and prepare a conservation report to help the owner plan their projects, \$500 / house call.
4. Get on the Register – VHF funds up to 50% to a maximum of \$500 of the cost of putting a house onto the register including the preparation of a Statement of Significance.

In addition, VHF launched a new pilot grant program, working with the City of Vancouver Sustainability Group and City Green Solutions, and with funding support from the City of Vancouver. **The Heritage Energy Retrofit Grant** program launched in September 2015 offering grants and support to up to 20 pre-1940 or Heritage Register homes, to incentivize reductions in greenhouse gas emissions from older homes. As of December, 16 homes were already accepted into the program.

During the year, VHF completed a **study of financial incentives** to provide input to the Heritage Action Plan. The study identified current and potential incentives available to Vancouver heritage projects, and examined the opportunity to provide greater support for heritage work. It was provided to the HAP consultant team and to City staff.

III. FUNDRAISING ACTIVITIES:

VHF's fundraising efforts focus on raising annual funds through the Annual Campaign held each fall, through corporate sponsorship of VHF events and programs, and through special fundraising events. The house tours contribute significant funding each year. Further funding comes from securing grants for specific projects. Pricing aims to ensure each program either covers its own costs or nets positive income towards staff time and overhead. Carefully managed endowment investments contribute to current needs and provide for the future.

In 2015 fundraising highlights were:

- Through program and fundraising revenue, the VHF leveraged the COV annual operating grant (\$122,400) by more than three and a half times to reach \$436,565 in operating revenues.² The City's operating grant provides both important funding and the opportunity to leverage funding from other sources.
- Fundraising and donations contributed \$95,276, an increase of \$19,125 (25%) over 2014. This was primarily from the Annual Campaign, two City Drinks evening events, architectural salvage sales and the Mid-Century Modern House Tour donations. The City Drinks events were hosted at the Hotel Vancouver in May (20 guests) and at a private Shaughnessy residence in October (90 guests). Each was supported by the attendance of a special guest and the October event featured a silent auction with items donated by local businesses.
- Corporate sponsorships funded the Heritage House Tour, Vancouver Special Tour, Laneway House Tour, two series of free walking tours, Places That Matter plaque installations, and the WALL public art platform at CBC. Old School courses were supported by a specific donation.
- In-kind donations of goods and services included a reduced rent, donation of time and expertise by lecturers and workshop presenters, paint from Benjamin Moore for the True Colours grant program, paper for printed publications, distribution of marketing materials, Heritage Site Finder and other web development, and photography.
- A grant from the Heritage Legacy Fund (Heritage BC) supported the Heritage Site Finder development.
- Sponsored seats and tickets for VHF programs were funded by donations from individuals to the Student Access Program.

VHF managed and Vancouver Foundation managed investment funds now stand at \$1.45m. In 2015, they yielded \$44,343 in interest and dividends which was directed to VHF granting and education programs. Good fund management and market conditions provided solid growth of VHF investments in 2015. While weaker than 2014, this still provided substantial growth for long-term stability. \$47,959 of portfolio growth was not taken into operating funds, increasing the base for growth in 2016.

² Note: The Operating Budget and Actuals differ from the audited Financial Statements as they show actual revenues and expenses directly controlled by VHF's day-to-day activities. They do not include the growth on VHF investments except any amount that is taken into revenue. The audited Financial Statements do include the full growth on investments including unrealized gains.

IV. PROMOTING RELATIONSHIPS THAT SUPPORT HERITAGE CONSERVATION

VHF recognizes the significant benefits of working with others in a variety of ways to achieve the goal of supporting heritage conservation. In 2015, this included:

- Maintained and developed VHF's extensive network of contacts including built environment professionals, trades, heritage, cultural and educational organizations.
- Brought together the fourth annual meeting of the City's heritage groups (both COV appointed and community based) as a Heritage Alliance to advance the conservation of heritage buildings in the city, and diminish duplication efforts.
- Continued with existing and new sponsorships to offset program costs and augment VHF's network, with 25 corporate sponsors, cash or in-kind, in 2015.
- Continued existing and created new successful partnerships to host events, deliver the Wall public art exhibit for the sixth year, sell house tour tickets, deliver grant programs and projects, and provide free programming.
- Further developed VHF's relationships with media partners to reach a wide audience.
- Maintained Professional Development accreditation for workshops and events with six associations to encourage built environment professionals to increase knowledge and skills in heritage conservation.

V. VHF OPERATIONS

VHF is committed to being a fiscally responsible organization that treats its staff and contractors with respect, and values its volunteers and donors. VHF also aims to contribute to a sustainable city through smart purchasing choices and materials use. To this end, in 2015, VHF:

- Continued with a modest benefit package through Chambers of Commerce Group Insurance Plan.
- Continued to provide modest funding for staff to attend post-secondary training and conferences on heritage conservation, and to take courses to ensure they are successful in their jobs.
- Undertook performance reviews with all staff.
- Over 250 volunteers assisted with VHF programs, committees and projects in 2015. VHF continued the policy of setting aside complimentary seats in education programs for volunteers and held the 5th annual volunteer recognition and awards evening in December at St. Mary's Kerrisdale to acknowledge the contribution of volunteers to VHF activities throughout the year. The event was attended by 87 volunteers, with over 100 receiving service awards.
- Recognized and thanked major donors at several points during the year.
- Continued a program of IT equipment renewal, prioritizing replacement of aging equipment and planning ahead to maintain operational efficiency, manage cost and risk.
- Continued to work with a range of committees comprised of staff, board and the interested and experienced public, so that areas of operations and programming such as Granting, Communications, Finance and Old School receive as broad input as is reasonable given the human resources of VHF.

FINANCIAL STATEMENTS

VANCOUVER HERITAGE
FOUNDATION

December 31, 2015

 **TOMPKINS, WOZNY, MILLER & Co.**
Chartered Professional Accountants

A partnership of incorporated professionals.

INDEPENDENT AUDITOR'S REPORT

To the Members of
The City of Vancouver Heritage Conservation Foundation (operating as Vancouver Heritage Foundation)

Report on the Financial Statements

We have audited the accompanying financial statements of Vancouver Heritage Foundation, which comprise the statement of financial position as at December 31, 2015, and the statements of operations and changes in fund balances and cash flows for the year then ended, and 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.

Auditor's 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. Those 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 the auditor's 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, the auditor considers internal control relevant to the Foundation'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 Foundation'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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations and fundraising the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments for unrecorded revenue might be necessary to donations and fundraising revenue, revenue over expenses, assets and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Vancouver Heritage Foundation as at December 31, 2015, and the results of its 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 British Columbia Society Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

Joseph Wozny, Miller & Co.

Vancouver, Canada
February 22, 2016

Chartered Professional Accountants

The City of Vancouver Heritage Conservation Foundation
(Operating as Vancouver Heritage Foundation)

STATEMENT OF FINANCIAL POSITION

As at December 31

	2015	2014
	\$	\$
ASSETS		
Current		
Cash	153,567	90,555
Term deposits [note 3]	129,000	104,000
Accounts receivable [note 5]	17,694	8,818
Prepaid expenses	2,541	2,539
	302,802	205,912
Restricted cash [note 4]	1,000	1,000
Long-term investments [note 6]	1,021,087	987,891
	1,324,889	1,194,803
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accruals [note 8]	27,905	21,038
Deferred contributions [note 9]	62,014	8,460
Heather Pavilion Restoration [note 4]	1,000	1,000
Total current liabilities	90,919	30,498
Deferred endowment contributions [note 10]	136,000	136,000
Total liabilities	226,919	166,498
Fund Balances		
Internally Restricted for Endowment Purposes	765,466	723,422
Internally Restricted for Save the Building Fund	158,678	153,403
Internally Restricted for Home Owner's Grants	5,300	—
Unrestricted	168,526	151,480
	1,097,970	1,028,305
	1,324,889	1,194,803

Line of credit [note 7]

Economic dependence and future operations [note 15]

Commitments [note 17]

See accompanying notes to the financial statements

On behalf of the Board:

Director

Director

The City of Vancouver Heritage Conservation Foundation
(Operating as Vancouver Heritage Foundation)

STATEMENT OF CHANGES IN FUND BALANCES

Year ended December 31

	Internally restricted for Endowment Purposes \$	Internally restricted for Save the Building Fund \$	Internally restricted for Home Owner's Grants \$	Unrestricted \$	Total \$
2015	<i>[note 6]</i>	<i>[note 6]</i>			
Balance, beginning of year	723,422	153,403	—	151,480	1,028,305
Excess of revenue for the year	—	—	—	69,665	69,665
Interfund transfers - investment income <i>[note 11]</i>	42,044	5,275	—	(47,319)	—
- home owners grant <i>[note 11]</i>	—	—	5,300	(5,300)	—
Balance, end of year	765,466	158,678	5,300	168,526	1,097,970
2014					
Balance, beginning of year	661,255	141,724	—	136,054	939,033
Excess of revenue for the year	—	—	—	89,272	89,272
Interfund transfers - investment income <i>[note 11]</i>	57,167	11,679	—	(68,846)	—
- deferred contributions <i>[note 11]</i>	5,000	—	—	(5,000)	—
Balance, end of year	723,422	153,403	—	151,480	1,028,305

See accompanying notes to the financial statements

The City of Vancouver Heritage Conservation Foundation
(Operating as Vancouver Heritage Foundation)

STATEMENT OF OPERATIONS

Year ended December 31

	2015	2014
	\$	\$
REVENUE		
City of Vancouver - operating grant	122,400	120,000
Donations and fundraising	101,276	87,151
House tours	93,617	108,808
Investment income [note 6]	92,302	117,795
Special projects	36,251	44,468
Other programs	25,475	28,453
Old school - Courses for building conservation	8,784	5,392
Other grants received	5,000	10,000
City of Vancouver funding for grants	3,000	—
	488,105	522,067
EXPENSES		
Staff and contractors	247,331	251,809
Other programs, granting and special projects [note 12]	49,699	56,994
Rent	35,822	35,079
House tours	18,704	17,830
Office supplies, utilities and other	16,796	15,705
Professional fees	12,688	15,748
Investment fees	9,538	9,138
Fundraising	7,358	8,809
Marketing and communication	6,906	8,304
Bank charges and interest	5,710	6,202
Old school - Courses for building conservation	3,685	3,243
Insurance	2,363	2,167
Board of directors	1,047	1,340
GST expense	793	427
	418,440	432,795
Excess of revenue over expenses	69,665	89,272

See accompanying notes to the financial statements

The City of Vancouver Heritage Conservation Foundation
(Operating as Vancouver Heritage Foundation)

STATEMENT OF CASH FLOWS

Year ended December 31

	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues for the year	69,665	89,272
Items not affecting cash:		
Unrealized gain on long-term investments	(26,492)	(74,694)
Deferred endowment contributions recognized in income	—	(5,000)
Changes in non-cash working capital items:		
Accounts receivable	(8,876)	5,615
Prepaid expenses	(2)	242
Accounts payable and accruals	6,867	5,153
Deferred contributions	53,554	1,935
Cash provided by operating activities	94,716	22,523
INVESTING ACTIVITIES		
Sale (purchase) of long-term investments (net)	(6,704)	9,269
Cash provided by (used in) investing activities	(6,704)	9,269
Increase in cash during the year	88,012	31,792
Cash, beginning of year	195,555	163,763
Cash, end of year	283,567	195,555
Cash consists of:		
Cash	153,567	90,555
Term deposits	129,000	104,000
Restricted cash	1,000	1,000
	283,567	195,555

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

1. NATURE OF THE ORGANIZATION

The Vancouver Heritage Foundation (the "Foundation") is a not-for-profit organization incorporated in 1992 under the Society Act. Its principal activity is operating programs to promote the preservation, maintenance, and restoration of Vancouver city buildings, structures and lands with historical or architectural significance in recognition of their public benefit. The Foundation is a registered charity and is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of the deferred portion of contributions and grants. Actual results could differ from these estimates.

Fund Accounting

The Foundation has the following internally restricted funds:

The Save the Buildings Fund is a self-sustaining fund managed by the Foundation that purchases heritage buildings within the City of Vancouver that are under threat of either demolition or renovation that would remove their character defining elements.

The Endowment Fund is for the purpose of providing operating funds to the Foundation.

The Home Owner's Grants Fund is for the purposes of providing funds for future home owner grants.

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Endowment contributions are recognized as deferred endowment contributions when received, net of a ten percent Administration Cost Recovery that is included as revenue in the unrestricted fund. After ten years, the contributions are no longer restricted and are recognized as revenue in the unrestricted fund. The Foundation intends to transfer all revenue recognized from endowment contributions to the internally restricted endowment fund.

Revenue from donations and fundraising is recorded when received.

Revenue from house tours and special events are recorded when the event takes place.

Interest and dividend income is recognized when received.

Contributed Services

The Foundation benefits from services contributed in the form of volunteer time. Due to the difficulty in determining the fair value of such services, the value of contributed services are not recognized in these financial statements.

Long-term Investments

Long-term investments are recorded at market value, with changes in market value being recognized in net income.

Measurement of Financial Instruments

The Foundation initially measures its financial assets and financial liabilities at fair value.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for its long-term investments, which are measured at market value.

Financial assets measured at amortized cost include cash, term deposits, accounts receivable, restricted cash.

Financial liabilities measured at amortized cost includes accounts payable and accruals.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

The City of Vancouver Heritage Conservation Foundation
(Operating as Vancouver Heritage Foundation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash

Cash is defined as cash on hand, cash on deposit, and net of cheques issued and outstanding at the year-end.

The Foundation's statement of cash flows is prepared on a net cash basis and cash flows from operating activities are reported using the indirect method.

3. TERM DEPOSITS

The Foundation's term deposits bear interest rate of 1.15% and have maturity dates ranging from July 2016 to November 2016.

4. RESTRICTED CASH

The Foundation has restricted \$1,000 of cash held on the behalf of the Heather Heritage Society for the restoration of the Heather Pavilion at the Vancouver General Hospital building at 855 West 12th Avenue in Vancouver.

5. ACCOUNTS RECEIVABLE

	2015	2014
	\$	\$
Operations	11,479	4,931
Accrued interest	6,215	3,887
	17,694	8,818

6. LONG-TERM INVESTMENTS

	2015		2014	
	Cost	Market Value	Cost	Market Value
	\$	\$	\$	\$
Save the Buildings Fund	129,367	160,194	125,584	153,403
Endowment Fund	657,455	860,893	655,859	834,488
	786,822	1,021,087	781,443	987,891

The City of Vancouver Heritage Conservation Foundation
(Operating as Vancouver Heritage Foundation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

6. LONG-TERM INVESTMENTS (CONT'D)

The long-term investments restricted for the Save the Buildings Fund are managed by the Foundation to purchase, as a last resort, heritage buildings that are under threat of demolition in order to protect their heritage designation and to upgrade heritage buildings with energy efficient retrofits. The balance of the long-term investments is restricted for the deferred endowment contributions and the internally restricted endowment fund.

During the year, the total investment income generated was:

	2015	2014
	\$	\$
Interest	31,693	28,601
Dividends	12,650	10,959
Realized gains	21,467	3,541
Unrealized gains	26,492	74,694
	92,302	117,795

7. LINE OF CREDIT

The Foundation has a line of credit available bearing interest at prime plus 2% and is secured by a general security agreement over the Foundation's properties. The total financing available under the facility is \$30,000. As at December 31, 2015, no amount has been drawn on this facility.

8. ACCOUNTS PAYABLE AND ACCRUALS

	2015	2014
	\$	\$
Operations	15,055	10,932
Wages and vacation payable	7,332	4,729
Government remittances - WorkSafeBC	433	433
- GST	600	751
- Payroll taxes	4,485	4,193
	27,905	21,038

9. DEFERRED CONTRIBUTIONS AND GRANTS

	2015	2014
	\$	\$
Balance, beginning	8,460	6,525
Deposits and grants received for special projects	56,554	8,460
Recognized as revenue during the year	(3,000)	(6,525)
	62,014	8,460

The City of Vancouver Heritage Conservation Foundation
(Operating as Vancouver Heritage Foundation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

10. DEFERRED ENDOWMENT CONTRIBUTIONS

	2015	2014
	\$	\$
Balance, beginning	136,000	141,000
Recognized as revenue during the year	—	(5,000)
	136,000	136,000

11. INTERFUND TRANSFERS

The Foundation transfers investment income on long-term investments to the respective fund which holds the long-term investments.

The Foundation has also transferred previously deferred endowment contributions of \$Nil [2014 - \$5,000] from the unrestricted fund to the endowment fund.

The Foundation has internally restricted \$5,300 [2014 - \$Nil] for future home owner's grants at the discretion of the Board of Directors.

12. OTHER PROGRAMS, GRANTS AND SPECIAL PROJECTS

	2015	2014
	\$	\$
Granting programs	10,834	8,595
Special projects	23,653	28,670
Other	15,212	19,729
	49,699	56,994

13. RELATED PARTY TRANSACTIONS

For the year ended December 31, 2015, the Foundation received donations from board members in the amount of \$22,632 [2014 - \$23,869].

14. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments. The following analysis presents the Foundation's exposures to significant risk as at December 31, 2015.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

14. FINANCIAL INSTRUMENTS (CONT'D)

Credit and Market Risk

Credit risk is the risk that the Foundation will incur a loss due to the failure by its debtors to meet their contractual obligations. The Foundation is exposed to credit risk with respect to its cash, term deposits, restricted cash, long-term investments and accounts receivable. The Foundation limits its exposure to credit risk by placing its cash in bank accounts with a credit union.

The Foundation is exposed to market risk on its long-term investments.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Foundation manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Interest Rate Risk

The Foundation has variable interest rate term deposit investments which are subject to periodic review. Changes in the bank's prime lending rate or other rates can cause fluctuations in interest payments and cash flows.

15. ECONOMIC DEPENDENCE AND FUTURE OPERATIONS

The Foundation received 26% [2014 - 23%] of its revenue from the City of Vancouver. The Foundation remains dependent upon this funding.

16. VANCOUVER FOUNDATION INVESTMENTS

Funds held at the Vancouver Foundation, from which the Foundation is the sole recipient of the income, have a market value at December 31, 2015 of approximately \$418,034 [2014 - \$394,000]. As the Foundation has the right to receive only the interest income on these funds and has no access to the contributed capital, the Foundation's financial statements do not reflect the amount as an asset.

**The City of Vancouver Heritage Conservation Foundation
(Operating as Vancouver Heritage Foundation)**

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

17. COMMITMENTS

The Foundation renewed the lease of its premises on March 1, 2015 and is committed until February 28, 2018. The commitment plus applicable taxes for the next three years are as follows:

	\$
2016	36,166
2017	36,102
2018	6,048
	<u>78,316</u>

VANCOUVER HERITAGE FOUNDATION OPERATING BUDGET

	2015 Actuals	2015 Budget	2016 Budget
Revenue			
City of Vancouver	\$ 122,400	\$ 122,400	\$ 124,850
Interest + Dividends + Investment Income	\$ 46,763	\$ 45,000	\$ 47,000
Donations + Fundraising	\$ 82,866	\$ 75,000	\$ 80,000
Fundraising Events	\$ 12,410	\$ 15,000	\$ 10,000
House Tours	\$ 93,616	\$ 96,100	\$ 88,050
Old School - sponsorship / fees	\$ 8,784	\$ 7,000	\$ 7,000
Other Program Revenue -walking tours / lectures	\$ 25,475	\$ 27,000	\$ 27,000
Special Project revenue	\$ 41,251	\$ 35,000	\$ 39,000
City of Vancouver funding for grants	\$ 3,000		
TOTAL REVENUES	\$ 436,565	\$ 422,500	\$ 422,900
Expenses			
Administrative Expenses			
Dues, Fees, Licenses	\$ 811	\$ 800	\$ 800
Interest, Bank Charges, GST/HST	\$ 6,503	\$ 8,500	\$ 6,200
Insurance	\$ 2,363	\$ 2,100	\$ 2,400
Office expenses (includes supplies / equipment / utilities / computers)	\$ 12,487	\$ 14,200	\$ 13,000
Courier, Postage	\$ 1,005	\$ 600	\$ 600
Printing & Copying	\$ 839	\$ 1,400	\$ 1,400
Board of Directors	\$ 1,047	\$ 1,200	\$ 1,200
Marketing (newsletter, website)	\$ 6,906	\$ 8,900	\$ 8,000
Fundraising	\$ 7,358	\$ 12,400	\$ 10,000
Rent	\$ 29,822	\$ 30,000	\$ 30,300
Investment Fees	\$ 9,538	\$ 9,000	\$ 10,200
Consultant Fees & Payroll			
Payroll	\$ 248,984	\$ 235,000	\$ 252,000
Audit and book keeping	\$ 12,687	\$ 13,000	\$ 13,500
Program Expenses			
House Tours	\$ 18,704	\$ 17,000	\$ 18,500
Old School	\$ 3,685	\$ 5,000	\$ 4,000
Grant Programs	\$ 14,459	\$ 12,400	\$ 12,000
Other programs (lectures, tours, workshops)	\$ 10,053	\$ 16,500	\$ 12,000
Special Projects	\$ 23,653	\$ 32,500	\$ 25,000
Volunteers	\$ 1,534	\$ 2,000	\$ 1,800
TOTAL EXPENDITURES	\$ 412,438	\$ 422,500	\$ 422,900
Net Income	\$ 24,127	\$ -	\$ -

Note: The Operating Budget and Actuals differ from the audited Financial Statements as they show actual revenues and expenses directly controlled by VHF's day-to-day activities. They do not include the growth on VHF investments except any amount that is taken into revenue. The audited Financial Statements do include the full growth on investments including unrealized gains.

2016 WORK PLAN

In 2016, Vancouver Heritage Foundation (VHF) will continue to provide prominent and wide-reaching support for the conservation of Vancouver's heritage buildings and structures in recognition of their contribution to Vancouver's economy, sustainability and culture.

I. PUBLIC AWARENESS, EDUCATION PROGRAMS AND ACCESS TO HERITAGE

- Continue to offer core awareness and education programs.
 - Four **house tour events** will highlight different themes and benefits of retaining and rehabilitating older buildings: (1) Vancouver Special House Tour (April 16) – 5 renovated homes, 450 people, 80 volunteers. (2) Heritage House Tour (June 5) – 10 heritage and character homes, 1500 people, 180 volunteers; (3) Mid-Century Modern House Tour (September) – 5 homes, 200 people, 60 volunteers; (4) Laneway House Tour (October 22) – 7 homes, 450 people, 80 volunteers.
 - **Brown Bag Lunch & Learn:** 6 lunchtime illustrated talks at BCIT Downtown campus on current topics and recent projects including: the conversion of the former remand centre to community housing; the reuse of Taylor Manor for supportive housing, and the restoration of St. George's School.
 - **Evening Lecture series** on topics related to the history and heritage of the city. 6 events at Hycroft with the University Women's Club. Spring 2016 topics are: Selling Vancouver to Tourists, 1890 – 1960; How Streetcars and Real Estate Shaped Vancouver; The Crescent: From the CPR and the Garden City to Today.
 - **Old School: Courses for Building Conservation** workshops: A range of workshops will be offered for professionals and building owners to increase knowledge and skills including: Heritage 101: Understanding Heritage Conservation; Researching the History of a Building; Writing Statements of Significance, and a new workshop on conservation of masonry.
 - A full program of 20 **walking tours** with Historian guides addressing neighbourhoods, city and architectural history across Vancouver from April to October. Topics this year include Hastings Park and the PNE, False Creek Flats, and twentieth century architectural history topics.
- Offer **Heritage Week** programming as part of a Province and Canada-wide celebration on the theme of 'Distinctive Destinations: Experience Historic Places', 15-22 February. Events include a public launch event, walking tours and an evening lecture.
- Support and provide input to the **Heritage Action Plan** process through VHF webpage updates and other communication vehicles, participation on the Public Advisory Committee, and special programs to encourage Vancouverites to be informed and participate in the process.
- Continue adding depth of information on heritage sites on the **Heritage Site Finder** interactive map of the Heritage Register.
- Provide **learning opportunities** for students and new graduates of related disciplines including offering an Internship opportunity and growing the **Student Access Program**.

- Continue to provide online **information resources**, the VHF reference reading room, and assistance to the public with their questions about heritage conservation by phone and email.
- Continue **The Wall** public art exhibit at the CBC plaza, and mount a new exhibit.
- Continue to present and install **Places That Matter** plaques, working with partners and sponsors. Begin development of a new online platform to share the wealth of information on each site.
- **Communicate widely** about VHF and heritage conservation through a print Spring newsletter and an online Fall newsletter, as well as a bi-weekly e-newsletter to over 5,000 people.
- Continue to grow VHF's **social media** reach and engagement, primarily on Facebook and Twitter, sharing news about VHF initiatives and heritage topics.
- Continue to work with a variety of **media** to achieve wide-spread coverage for heritage topics.

II. GRANTS TO STIMULATE BUILDING MAINTENANCE & RESTORATION

- Offer **four different grants** to support owners in the maintenance and restoration of heritage buildings and structures.
 - Distribute up to \$17,000 in grant funds for (1) True Colours exterior painting grants with paint donated by Benjamin Moore; (2) Restore It grants for the repair and restoration of exterior fabric; (3) House Call grants for on-site consultations; (4) Get on the Register grants to assist building owners to complete documentation to apply to add their building to the Heritage Register.
- Complete the pilot of the **Heritage Energy Retrofit Grant** program and relaunch a larger program to continue to encourage energy efficiency upgrades on older homes.
- Seek ways to increase financial support and incentives for heritage conservation.

III. FUNDRAISING ACTIVITIES

- Submit an Annual Report to the City of Vancouver in April to facilitate the release of the 2016 operating funds which is the third year of a three year operating grant (2014-2016).
- Raise \$88,000 through House Tours from ticket sales and corporate sponsorships.
- Raise \$90,000 through fundraising events, charitable donations and architectural salvage sales.
- Seek grants, corporate sponsorships and individual donations to support special projects, VHF events and programs.
- Maintain existing partnerships and continue to seek in-kind donations of goods and services.
- Continue management of VHF endowment investments to achieve growth for long-term stability of funding. Receive \$47,000 into operating funds in interest and dividend income from \$1.45m in endowment investments to help fund education and public awareness programs.

IV. PROMOTING RELATIONSHIPS THAT SUPPORT HERITAGE CONSERVATION

- Lead further coordination of the Heritage Alliance, bringing together the City's heritage groups.
- Maintain and further develop VHF's network to assist in program delivery, sponsorship and funding, and access to depth of expertise as well as awareness and outreach.
- Continue to promote VHF opportunities for Professional Development through professional associations to their members.

V. VHF OPERATIONS

- Set goals and conduct performance reviews with staff to help them grow their careers in non-profit management and heritage conservation, and provide at least one continuing education opportunity for each staff member.
- Launch enhanced volunteer recruitment and management processes to enable better identification of volunteers for different roles as well as to optimize the experience for all who help VHF.
- Continue to recognize and reward volunteers with opportunities to attend programs, and with an annual appreciation event and awards.
- Acknowledge the support of individual donors in a variety of ways through the year.
- Continue the program of IT equipment renewal initiated in 2014.
- Retain and further build broad participation and high engagement on VHF committees, along with relevant skill sets and expertise, drawing on both VHF Board members and the interested public.