

**THE CITY OF VANCOUVER HERITAGE
CONSERVATION FOUNDATION
(Operating as Vancouver Heritage Foundation)**

Vancouver, B.C.

FINANCIAL STATEMENTS

December 31, 2001



WOLRIGE MAHON

Chartered Accountants

CELEBRATING 40 YEARS OF SERVICE

1962-2002

AUDITORS' REPORT

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

We have audited the balance sheet of The City of Vancouver Heritage Conservation Foundation (Operating as Vancouver Heritage Foundation) as at December 31, 2001 and the statements of revenues and expenditures, fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donation and fair admission revenues referred to in the preceding paragraph,, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

CHARTERED ACCOUNTANTS

Vancouver, B.C.

April 3, 2002

**THE CITY OF VANCOUVER HERITAGE
CONSERVATION FOUNDATION**

STATEMENT OF REVENUES AND EXPENDITURES AND FUND BALANCES

For the year ended December 31, 2001

	General Fund	Heritage Fair Fund	2001 \$	2000 \$
Revenue				
Donations	1,455	-	1,455	995
Grants - City of Vancouver	100,000	-	100,000	55,913
- Other	-	-	-	22,975
Pamphlets	849	-	849	343
Program fees	-	-	-	1,361
Interest	11,206	118	11,324	12,292
Heritage fair	-	133,673	133,673	-
Salvage	1,100	-	1,100	1,271
	114,610	133,791	248,401	95,150
Expenditures				
Bad debt	-	-	-	300
Bank charges and interest	264	851	1,115	136
Board of directors	324	-	324	128
Consulting fees - executive director	46,036	-	46,036	47,269
Fundraising	405	-	405	187
GST - Foundation	3,786	2,639	6,425	3,180
Heritage fair	-	77,960	77,960	1,016
Marketing	13,028	19,013	32,041	9,216
Office and miscellaneous	4,488	59	4,547	1,561
Printing	1,075	-	1,075	848
Professional fees	3,746	-	3,746	5,700
Programs	25,276	-	25,276	20,253
Secretarial services	10,410	-	10,410	10,112
	108,838	100,522	209,360	99,906
Excess (deficiency) of revenues over expenditures	5,772	33,269	39,041	(4,756)
Other item				
Write-down of inventory	(4,090)	-	(4,090)	-
	1,682	33,269	34,951	(4,756)
Excess (deficiency) of revenues over expenditures	1,682	33,269	34,951	(4,756)
Fund balances, beginning	244,162	14,440	258,602	263,358
Fund balances, ending	245,844	47,709	293,553	258,602

**THE CITY OF VANCOUVER HERITAGE
CONSERVATION FOUNDATION**

BALANCE SHEET

December 31, 2001

	General Fund	Heritage Fair Fund	2001 \$	2000 \$
ASSETS				
Current				
Cash	22,101	7,553	29,654	13,898
Term deposits	219,000	-	219,000	225,942
Receivables	8,422	1,144	9,566	9,824
Grant receivable	-	-	-	12,750
Inventory	-	-	-	4,090
Work in progress (Note 6)	34,340	-	34,340	-
Prepaid expenses	-	5,019	5,019	23,023
Interfund balances	(33,993)	33,993	-	-
	249,870	47,709	297,579	289,527
LIABILITIES				
Current				
Payables and accruals	4,026	-	4,026	20,880
Deferred contributions	-	-	-	10,045
	4,026	-	4,026	30,925
FUND BALANCES				
Restricted for endowment purposes	239,000	-	239,000	239,000
Unrestricted	6,844	47,709	54,553	19,602
	245,844	47,709	293,553	258,602
	249,870	47,709	297,579	289,527

Approved by Directors:

**THE CITY OF VANCOUVER HERITAGE
CONSERVATION FOUNDATION**

STATEMENT OF CASH FLOWS

For the year ended December 31, 2001

	General Fund	Heritage Fair Fund	2001 \$	2000 \$
Cash provided by Operating Activities:				
Excess (deficiency) of revenues over expenditures	1,682	33,269	34,951	(4,756)
Net change in non-cash working capital				
(Increase) decrease in receivables	1,402	(1,144)	258	(645)
(Increase) decrease on contributions receivable	-	-	-	8,746
(Increase) decrease in inventory	4,090	-	4,090	-
(Increase) decrease in interfund balances	30,339	(30,339)	-	-
(Increase) decrease in prepaids	-	18,004	18,004	(23,023)
Increase (decrease) in payables and accruals	(6,285)	(10,569)	(16,854)	2,924
Increase (decrease) in deferred contributions	-	(10,045)	(10,045)	(45,868)
(Increase) decrease in grants receivable	12,750	-	12,750	43,163
(Increase) decrease in work in progress	(34,340)	-	(34,340)	-
Net increase (decrease) in cash	9,638	(824)	8,814	(19,459)
Cash, beginning	231,463	8,377	239,840	259,299
Cash, ending	241,101	7,553	248,654	239,840
Cash represented by:				
Cash on hand and balances with banks	22,101	7,553	29,654	13,898
Term deposits	219,000	-	219,000	225,942
	241,101	7,553	248,654	239,840

THE CITY OF VANCOUVER HERITAGE CONSERVATION FOUNDATION

NOTES

For the year ended December 31, 2001

Note 1 General

The Foundation was incorporated in 1992 under the British Columbia Company Act. Its principal business activity is operating programs promoting 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 was registered effective January 1, 1993 as a charitable organization under the Income Tax Act.

Note 2 Significant Accounting Policies

Fund Accounting

The General Fund accounts for the Foundation's operating activities.

The Heritage Fair Fund accounts for the Foundation's Heritage Fair activities.

Revenue Recognition

The City of Vancouver Heritage Conservation Foundation (Operating as Vancouver Heritage Foundation) follows the deferral method of accounting for contributions. Restricted contributions are recognized as receipts in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as receipts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 Financial Instruments

The fair value of all items that meet the definition of a financial instrument approximate their carrying values. These items include cash, term deposits, receivables and payables and accruals. Unless otherwise stated, it is management's opinion that the Foundation is not exposed to significant credit, currency or interest rate risk arising from these financial instruments.

Note 4 Restriction on general Fund Balance

In 1997, The City of Vancouver Heritage Conservation Foundation's (Operating as Vancouver Heritage Foundation) board of directors internally restricted \$239,000 of unrestricted general fund balance to be held for endowment purposes. This internally restricted amount is not available for other purposes without the approval of the board of directors.

THE CITY OF VANCOUVER HERITAGE CONSERVATION FOUNDATION

NOTES

For the year ended December 31, 2001

Note 5 Related Party Transactions and Balances

The Foundation's members and board of directors were comprised solely of all the members of the City Council of the City of Vancouver until January 20, 1998, when a new board of directors was appointed.

The members of the City Council of the City of Vancouver remain as honorary members of the Foundation, and are entitled to appoint the directors of the Foundation.

Grant receivable and deferred contribution represent unspent resources externally restricted for operating funding receivable in the current period that are related to subsequent periods.

Note 6 Work In Progress

Work in progress consists of the deferred costs related to the Foundation's lane house project. The Foundation intends to move and restore a donated Victorian style lane house built in approximately 1901. The restoration project will be used as a demonstration project for the Foundation's education purposes and contribute to the Foundation fund development program through the sale of the building as market housing after the restoration is complete.

Note 7 Funds Held by the Vancouver Foundation

In 1997, the Foundation established the Vancouver Heritage Conservation Endowment Fund with the Vancouver Foundation. The funds are held permanently in trust by the Vancouver Foundation and are not reflected in the assets of the Foundation. As at December 31, 2001, the capital in the Vancouver Heritage Conservation Endowment Fund amounts to \$10,000 (2000: \$10,000). The interest earned on the fund is recorded annually in the General Fund.