

**THE CITY OF VANCOUVER
HERITAGE CONSERVATION
FOUNDATION (OPERATING AS
VANCOUVER HERITAGE
FOUNDATION)**

Vancouver, B.C.

FINANCIAL STATEMENTS

December 31, 2002

DRAFT

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, 2002 and the statements of revenues and expenditures and 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 to 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, 2002 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 Society 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.
March 13, 2003

**THE CITY OF VANCOUVER HERITAGE CONSERVATION
FOUNDATION (OPERATING AS VANCOUVER HERITAGE
FOUNDATION)**

STATEMENT OF REVENUES AND EXPENDITURES AND FUND BALANCES

For the year ended December 31, 2002

	2002 \$	2001 \$
Revenue		
Donations	41,373	1,455
Grants - City of Vancouver	100,000	100,000
Pamphlets	1,869	849
Interest	7,496	11,324
Heritage fair	118,759	133,673
Salvage	24,531	1,100
Other revenue	324	-
	<u>294,352</u>	<u>248,401</u>
Expenditures		
Administration services	73,894	56,446
Bank charges and interest	1,689	1,115
Board of directors	1,145	324
Fundraising	4,804	405
GST - Foundation	5,354	6,425
Heritage fair	107,887	77,960
Marketing	13,249	32,041
Office and miscellaneous	6,935	4,547
Printing	1,827	1,075
Professional fees	3,700	3,746
Programs	41,142	25,276
	<u>261,626</u>	<u>209,360</u>
Excess of revenues over expenditures	32,726	39,041
Other Item		
Write-down of inventory	-	(4,090)
Excess of revenues over expenditures	<u>32,726</u>	<u>34,951</u>
Fund balances, beginning	293,553	258,602
Fund balances, ending	<u>326,279</u>	<u>293,553</u>

**THE CITY OF VANCOUVER HERITAGE CONSERVATION
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BALANCE SHEET

December 31, 2002

	2002 \$	2001 \$
Assets		
Current		
Cash	85,247	29,654
Term deposits (Note 4)	228,329	219,000
Receivables	24,031	9,566
Inventory	11,777	-
Work in progress (Note 7)	284,768	34,340
Prepaid expenses	3,682	5,019
	637,834	297,579
Liabilities		
Current		
Demand loan (Note 4)	219,000	-
Payables and accruals	5,887	4,026
Deferred contributions	86,668	-
	311,555	4,026
Fund Balances		
Restricted for endowment purposes	239,000	239,000
Unrestricted	87,279	54,553
	326,279	293,553
	637,834	297,579

Approved by Directors:

**THE CITY OF VANCOUVER HERITAGE CONSERVATION
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STATEMENT OF CASH FLOWS

For the year ended December 31, 2002

	2002 \$	2001 \$
Cash provided by operating activities		
Excess of revenues over expenditures	32,726	34,951
Net change in non-cash working capital		
(Increase) decrease in receivables	(14,465)	258
(Increase) decrease in inventory	(11,777)	4,090
(Increase) decrease in prepaids	1,337	18,004
Increase (decrease) in payables and accruals	1,861	(16,854)
Increase (decrease) in deferred contributions	86,668	(10,045)
(Increase) decrease in grants receivable	-	12,750
(Increase) decrease in work in progress	(250,428)	(34,340)
	<u>(154,078)</u>	<u>8,814</u>
Cash flows related to financing activities		
Advances from (repayment of) bank overdraft	219,000	-
Net increase (decrease) in cash	64,922	8,814
Cash, beginning	248,654	239,840
Cash, ending	<u>313,576</u>	<u>248,654</u>
Cash represented by:		
Cash on hand and balances with banks	85,247	29,654
Term deposits	228,329	219,000
	<u>313,576</u>	<u>248,654</u>

**THE CITY OF VANCOUVER HERITAGE CONSERVATION
FOUNDATION (OPERATING AS VANCOUVER HERITAGE
FOUNDATION)**

NOTES

For the year ended December 31, 2002

Note 1 General

The City of Vancouver Heritage Conservation Foundation (Operating as Vancouver Heritage Foundation) was incorporated in 1992 under the Society Act of British Columbia. 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

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as receipts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for the Lane House have been transferred to deferred contributions. These deferred contributions will be taken into income once the project has been completed and sold.

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 and cash equivalents, receivables, payables, and loan payable. 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.

**THE CITY OF VANCOUVER HERITAGE CONSERVATION
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NOTES

For the year ended December 31, 2002

Note 4 Demand Loan Payable

The demand loan has been issued by Vancity Credit Union, bears interest at prime plus .75% and is secured by the term deposit. Minimum monthly repayments are equal to the monthly interest charged.

Note 5 Restriction on General Fund Balance

In 1997, the Foundation's 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.

Note 6 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 7 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 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.

Work on the Lane House was completed in early 2003 and was subsequently sold.

**THE CITY OF VANCOUVER HERITAGE CONSERVATION
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NOTES

For the year ended December 31, 2002

Note 8 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, 2002, the capital in the Vancouver Heritage Conservation Endowment Fund amounted to \$10,000 (2001: \$10,000). The interest earned on the fund is recorded annually in the books of the Foundation.

Note 9 Comparative Figures

Certain 2001 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2002.

VANCOUVER HERITAGE FOUNDATION 2002 - 2003

Operating Budget	2002 actual	2002 budget	2003 budget
Income			
Heritage Fair	118,759	150,000	
City of Vancouver	100,000	100,000	100,000
Interest	7,808	12,000	5,000
Miscellaneous (Salvage, Retail)	25,506	30,000	
Fundraising / donations	40,777	18,500	105,000
Lane House Sale			565,500
TOTAL INCOME	292,850	310,500	775,500
Expenses			
GST Expense, VHF portion	7,051	5,000	5,000
Dues, Fees Licenses	872	1,000	1,000
Interest & Bank Charges	1,656	1,000	2,000
Insurance			100
Office Supplies	3,500	3,500	3,500
Courier, Postage	1,500	1,500	1,500
Photocopying	1,000	2,000	1,000
Storage	1,280	1,500	1,500
Board of Directors	1,145	1,000	1,500
E.D. Disbursements	5,000	5,000	1,000
Rent / Office OH			10,000
Capital expenditures (1x costs)			10,000
Marketing	12,899	15,000	15,000
Printing, other	2,000	2,000	2,000
Fundraising	8,486	10,000	10,000
Professional Services			
ED. Consulting	58,000	58,000	58,000
Admin. Support	9,614	15,000	20,000
Accounting Audit	4,000	4,000	4,000
Legal	0	2,000	500
Program Expenses			
True Colours / Restore It (2003 or	9,944	15,000	25,000
Education/Awareness	528	2,000	
Special Projects	5,307	5,000	5,000
Model of City Hall Project	25,398	20,000	
Lane House Expense			484,500
Heritage House Tour			12,000
Heritage Fair	107,563	100,000	
Total Expense	266,743	269,500	674,100
Surplus (Deficit)	26,107	41,000	101,400



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APPENDIX D

Workplan 2003

The Vancouver
Heritage MISSION

FOUNDATION Assist in the conservation of Vancouver's built heritage for its public benefit. The Foundation does this by:

1. Fundraising through donations of cash and real property, planned gifts and endowment gifts, special events & projects and grants.
2. Partnering with related industries.
3. Developing granting programs that provide an economic incentive for the restoration & maintenance of heritage buildings.
4. Mounting education and awareness programs to raise public interest in preserving Vancouver's built heritage.

In 2003, the Vancouver Heritage Foundation will achieve its goals through:

Fundraising & Resource Development

1. Maintain and further develop public profile of the VHF through:
 - a. Marketing the OPEN VANCOUVER: Heritage House Tour
 - b. "Old News" newsletter twice / year to 2500 homes
 - c. Attend select related conferences and community programs.
 - d. Continue to work with related community organization such as SFU City Program, the Vancouver Museum, The Board of Trade & Spirit of Vancouver, Tourism Vancouver
 - e. Ensure that the VHF website is maintained with current information.
 - f. Establish contact with owners of homes on the heritage register, beginning with the A & B listed houses.
2. Update the Case Statement and use it to attract major and planned endowment gifts. Set up one on one and small group parlour type meetings to solicit gifts to the VHF.
3. Continue to cultivate about existing donors who have expressed interest in the work of the VHF by giving small donations and encourage major or planned gifts from these individuals.
4. Complete the sale of the Leslie Lane House and put the net proceeds in the VHF Endowment Fund held at the Vancouver Foundation.
5. Continue to communicate with related professionals such as financial planners and tax lawyers. Produce VHF information package to inform them of the Foundation as a charitable option for their clients.

6. Hold the OPEN VANCOUVER: Heritage House Tour on June 1, 2003. Sell 800 tickets and raise \$15 - 20,000.
7. Hold fundraising event in heritage hotel. Attract about 250 guests and raise a minimum of \$20,000 for the VHF. Ticket sales at \$200 / ticket create revenue of \$50,000 against expenses before fundraising of \$25,000
8. Determine a vehicle for major donor recognition, such as a donor wall or a donor book.
9. Promote the sale of the Vancouver Historical True Colours colour card produced by Benjamin Moore Paint Co. in collaboration with the VHF. All proceeds from the sale of the \$1 cards will go to the VHF. Benjamin Moore printed 15,000 cards.
10. Fulfill the requirements of the VHF Operating Agreement with the City of Vancouver in order to secure operating funds for 2004.

Education & Awareness Programs

1. Publish a souvenir guidebook with financial assistance from event sponsor Benwell Atkins printers for OPEN VANCOUVER: Heritage House Tour which contains historical and architectural information about the 14 houses on the tour.
2. Use marketing activities for resource development as education and awareness opportunities, ie. promotional video at fundraising dinner.
3. Continue to keep the VHF website up to date.

Granting Programs

1. True Colours exterior paint program
 - a. Administer the program by: coordinating the application process; communicating with the homeowners both unsuccessful and successful applicants; maintain good relationship with Benjamin Moore the program's corporate sponsor; document the program through photography; and ensure successful completion of the 5 selected paint projects by December 31, 2003..
 - b. Investigate sources of funding for the compilation of the original research done in the True Colours documentation into an academic study.
 - c. Promote the availability and sale of the Vancouver Historical True Colours colour card.
2. RESTORE IT! exterior fabric program
 - a. Work with the 5 homeowners who received Restore It! grants to complete their roofing, masonry and porch detail projects before December 31, 2003.
 - b. Administer the application process for 2004 grants in the late fall of 2003.
3. Special Project
 - a. Work with Board Members to find an appropriate restoration project currently underway in Vancouver to which a special project grant of \$5,000 from the VHF

will give the Foundation community profile and will make a difference on a heritage aspect of the project.

Administration & Operations

1. Ensure electronic backup of all VHF computer files on a weekly basis.
2. Maintain day to day financial records.
3. Ensure the annual report to City Council is completed in compliance with the VHF Operating Agreement with the City.
4. Ensure the audit, conducted by Wolrige Mahon, is completed.
5. Make written report of Executive Director activities to Board of Directors prior to each Board Meeting.
6. Bring draft operations manual to the Board of Directors for approval.