

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

Vancouver, B.C.

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FINANCIAL STATEMENTS

December 31, 2003

## **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, 2003 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 special event, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation and special event 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 special event 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 special event 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, 2003 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.

*"Wolrige Mahon"*

CHARTERED ACCOUNTANTS

Vancouver, B.C.  
February 29, 2004

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

STATEMENT OF REVENUES AND EXPENDITURES

For the year ended December 31, 2003

	2003	2002
	\$	\$
<b>Revenue</b>		
Donations excluding endowment funds	9,472	41,373
Grants - City of Vancouver	100,000	100,000
Open Vancouver heritage house tour	30,986	-
Kogawa Homestead donations	24,997	-
Material sales	2,235	1,869
Interest	4,949	7,496
Heritage fair	-	118,759
Salvage	-	24,531
Other revenue	4,778	324
	<u>177,417</u>	<u>294,352</u>
<b>Expenditures</b>		
Administration services	75,783	73,894
Bank charges and interest	1,829	1,689
Board of directors	1,189	1,145
Fundraising	3,324	4,804
GST - Foundation	4,045	5,354
Heritage fair	-	107,887
Insurance	100	-
Kogawa Homestead Committee	24,997	-
Marketing	17,229	13,249
Office and miscellaneous	7,834	6,935
Open Vancouver heritage house tour	11,643	-
Printing	267	1,827
Professional fees	4,202	3,700
Programs	21,958	41,142
	<u>174,400</u>	<u>261,626</u>
Excess of revenues over expenditures	<u>3,017</u>	<u>32,726</u>
Sale of Leslie Lane House		
Proceeds on sale and doantions to the Leslie Lane House	581,500	-
Cost of Leslie Lane House restoration and sale	(597,170)	-
Interest on Leslie Lane House Loan	(3,490)	-
	<u>(19,160)</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(16,143)</b>	<b>32,726</b>

**THE CITY OF VANCOUVER HERITAGE CONSERVATION  
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STATEMENT OF FUND BALANCES

	Restricted for endowment	Unrestricted	2003	2002 (Restated)
Balance, beginning, previously reported	239,000	87,279	<b>326,279</b>	293,553
Prior Period Adjustment	10,000	-	<b>10,000</b>	10,000
Balance, beginning, as restated	249,000	87,279	<b>336,279</b>	303,553
Excess (deficiency) of revenues over expenditures	-	(16,143)	<b>(16,143)</b>	32,726
Endowment contributions	75,000	-	<b>75,000</b>	-
Endowment expenses	(4,092)	-	<b>(4,092)</b>	-
<b>Balance, ending</b>	319,908	71,136	<b>391,044</b>	336,279

**THE CITY OF VANCOUVER HERITAGE CONSERVATION  
FOUNDATION (OPERATING AS VANCOUVER HERITAGE  
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BALANCE SHEET

December 31, 2003

	2003	2002 (Restated)
	\$	\$
<b>Assets</b>		
Current		
Cash (Note 3)	56,835	85,247
Term deposits (Note 5)	83,943	228,329
Receivables	20,663	24,031
Inventory	11,777	11,777
Work in progress (Note 7)	-	284,768
Prepaid expenses	-	3,682
	<u>173,218</u>	<u>637,834</u>
Heritage Conservation Endowment Fund (Note 8)	260,000	10,000
	<u>433,218</u>	<u>647,834</u>
<b>Liabilities</b>		
Current		
Demand loan (Note 5)	-	219,000
Payables and accruals	17,177	5,887
Kogawa Homestead Committee payable	24,997	-
Deferred contributions (Note 2)	-	86,668
	<u>42,174</u>	<u>311,555</u>
<b>Fund Balances</b>		
Restricted for endowment purposes	319,908	239,000
Unrestricted	71,136	97,279
	<u>391,044</u>	<u>336,279</u>
	<u>433,218</u>	<u>647,834</u>

Approved by Directors:

**THE CITY OF VANCOUVER HERITAGE CONSERVATION  
FOUNDATION (OPERATING AS VANCOUVER HERITAGE  
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STATEMENT OF CASH FLOWS

For the year ended December 31, 2003

	2003	2002
	\$	\$
<b>Cash provided by operating activities</b>		
Excess of revenues over expenditures	(16,143)	32,726
<b>Net change in non-cash working capital</b>		
(Increase) decrease in receivables	3,368	(14,465)
(Increase) decrease in inventory	-	(11,777)
(Increase) decrease in prepaids	3,682	1,337
Increase (decrease) in payables and accruals	36,286	1,861
Increase (decrease) in deferred contributions	(86,668)	86,668
(Increase) decrease in work in progress	284,768	(250,428)
	<u>225,293</u>	<u>(154,078)</u>
<b>Cash flows related to financing activities</b>		
Advances from (repayment of) bank overdraft	(219,000)	219,000
Endowment fund transfers	(175,000)	-
Endowment fund expenses	(4,091)	-
	<u>(398,091)</u>	<u>219,000</u>
<b>Net increase (decrease) in cash</b>	(172,798)	64,922
Cash, beginning	313,576	248,654
<b>Cash, ending</b>	<u>140,778</u>	<u>313,576</u>
Cash represented by:		
Cash on hand and balances with banks	56,835	85,247
Term deposits	83,943	228,329
	<u>140,778</u>	<u>313,576</u>

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

## **NOTES**

For the year ended December 31, 2003

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### **Note 1 General**

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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.

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### **Note 2 Significant Accounting Policies**

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#### **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.

2002 deferred contributions related to the Lane House project which was completed during the 2003 fiscal year.

#### **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.

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### **Note 3 Restrictions on Cash**

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The Foundation has restricted \$25,002 of the cash balance from use of the Foundation's day-to-day operations. This cash is being held on behalf of the Kogawa House Committee for the preservation of the Kogawa Homestead. The balance includes interest earned on the funds received.

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### **Note 4 Financial Instruments**

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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, and payables. 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, 2003

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**Note 5 Demand Loan Payable**

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The demand loan issued by Vancity Credit Union for the purpose of financing the Leslie Lane House during the 2002 fiscal year has been fully repaid at December 31, 2003. The term-deposit held as security on the loan has been released.

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**Note 6 Restriction on General Fund Balance**

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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.

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**Note 7 Work In Progress**

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Work in progress consisted of the costs related to the Foundation's Lane House project. The Foundation moved, restored and sold a donated Victorian style house built in approximately 1901. The restoration project was used as a demonstration project for the Foundation's education purposes and contributed to the Foundation fund development program through the sale of the building during the current year.

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**Note 8 Funds Held by the Vancouver Foundation**

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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. As at December 31, 2003, the capital in the Vancouver Heritage Conservation Endowment Fund amounted to \$260,000 (2002: \$10,000). The interest earned on the fund is recorded annually in the books of the Foundation.