



ADMINISTRATIVE REPORT

Report Date: March 26, 2012  
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Meeting Date: April 17, 2012

TO: Standing Committee on City Finance and Services  
FROM: Vancouver Heritage Foundation Board  
SUBJECT: Vancouver Heritage Foundation Board - Annual Report for 2011

***RECOMMENDATION***

- A. THAT Council approve the 2011 Annual Report of the Vancouver Heritage Foundation attached as Appendix A;
- B. THAT Council approve payment to the Vancouver Heritage Foundation of funding in the amount of \$116,000 for the second year of the three-year operating agreement; Funding is included in the 2012 Operating Budget.

***REPORT SUMMARY***

This report seeks Council approval of the Vancouver Heritage Foundation (VHF) 2011 Annual Report as required pursuant to its 2011-2013 operating agreement with the City. The report also seeks approval of the payment by the City to the VHF of operating funds for 2012, as outlined in this Report in accordance with the terms of the operating agreement.

***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

Council approved the creation of the City of Vancouver Heritage Conservation Foundation, known as the Vancouver Heritage Foundation (VHF), 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, with Mayor and Council remaining as Honorary Patrons.

On September 13, 2001 Council approved a three-year contract (2002-2004) with the VHF at an annual cost of \$100,000, subject to an annual report from the Foundation which is to include an update on the progress on the generation of an operating endowment fund. Since then Council has approved annual reports from the VHF and successive three-year operating agreements including most recently on April 22, 2010 when Council instructed staff to draft a new three-year operating agreement for the VHF from 2011-2013 at an annual cost of \$114,000 subject to an inflationary adjustment if approved by Council in its sole discretion. On April 21, 2011 Council approved the 2010 Annual Report of the VHF and authorized payment for 2011, the first year of a three-year operating agreement (2011-2013).

Approval of grant recommendations requires eight affirmative votes.

### *CITY MANAGER'S/GENERAL MANAGER'S COMMENTS*

The General Manager of Community Services RECOMMENDS approval of the foregoing.

### *REPORT*

#### *Strategic Analysis*

The Vancouver Heritage Foundation operating 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.

This report fulfils the annual reporting requirement of the VHF operating agreement with the City of Vancouver.

The Vancouver Heritage Foundation supports the conservation of the City's heritage buildings in recognition of their contribution to the City's culture, economy and sustainability. The 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 designated 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.

Vancouver Heritage Foundation activities support Council priorities related to sustainability and housing. For example, the VHF has developed programming to support the rehabilitation of older homes to be more energy efficient as well as organizing laneway house tours to bring greater awareness to the opportunities associated with this housing form.

## 2011 Annual Report

The 2011 Annual Report is attached as Appendix "A". Highlights are:

- The VHF provides annual programming that raises awareness and provides education on the nexus between heritage buildings and creating a sustainable city. In 2011 the VHF:
  - Organized the 2<sup>nd</sup> symposium on the Heritage & Sustainability Nexus held at the BCIT Downtown campus.
  - Brought Barbara Campagna, Architect and Sustainability Director for the US National Trust for Historic Preservation, to give a public lecture and symposium keynote on, 'Increasing Energy Efficiency in Older Homes'.
- VHF once again balanced their budget in 2011 keeping expenses under control in the face of declining revenues. The year ended with a small operating surplus.
- Operating Summary:
  - General: The operating budget is almost four times the City of Vancouver operating grant.
  - Funds & Assets: As of December 31, 2011 the VHF has \$1,031,000 (\$1,014,000 in 2010) restricted for endowment purposes with an additional \$143,000 set aside for the Save the Buildings Fund to rescue threatened heritage buildings and \$104,000 set aside in an emergency operating reserve fund.
  - Revenues:
    - In 2011 investments earned \$31,220 in interest which helped to fund VHF programs.
    - An additional \$27,400 was deposited into endowments from private donors in 2011, a decline of almost \$120,000 from 2010 contributions due to year-to-year fluctuations.
    - The VHF Annual Campaign raised \$29,000 a 25% increase over 2010 (\$23,000).
    - There was a decline in revenues of \$45,000 in 2011 compared to 2010 which is largely attributable to lower attendance at events such as the annual house tour, fundraising events and program revenues (\$35,000).
    - In addition, in previous years the development of courses for Old School (Building Conservation) was largely supported through sponsorships. Course development has been completed for the time being and courses are being repeated, therefore less sponsorship dollars are needed (\$25,000) and less expenses are being incurred.
    - For 2011 there was a modest increase in revenues of \$11,000 from charitable donations.
  - Expenses:
    - For 2011 operating expenses were reduced by \$20,000 from 2010 as the VHF actively sought to keep expenses under control in light of reduced revenues.

- Expenses in 2011 were lower primarily due to reduced expenses related to Special Projects and Old School (\$ 40,000). This was partially offset by an increase in costs for consultants and staff of \$17,000.
- At the end of the year revenues exceeded expenses by \$3,776.
- The VHF expanded its program and volunteer base by:
  - Launching a very successful Fall Friday lunchtime downtown walking tour series to be continued and expanded in 2012.
  - Holding the first warehouse architectural salvage sale raising awareness about recycling of building materials; to be continued in 2012.
  - Implemented Places That Matter Plaque Project which is a commemorative plaque project marking Vancouver's 125<sup>th</sup> Anniversary by marking 125 places that matter to Vancouverites. Places were nominated through a public process, selected by a site selection committee and researched and written by historians and writers. Plaques will be mounted in public ceremonies throughout 2012.
  - For the more than 500 VHF volunteers, launching what will be an annual Volunteer recognition evening at the Museum of Vancouver (MOV). Awards for special service were given, and there was a lecture on neon in the city in conjunction with MOV's neon exhibit.
- Continued existing programs: Heritage House Tour, Pre-Tour Lecture and VIP Tour; Mid-Century Modern Tour; Vancouver Special and Laneway House tours; THE WALL at CBC, a public art exhibit; Year-Round Walking Tours; Brown Bag Lunch + Learn at BCIT; Get Out of Town to the Fraser Valley in 2011; How to Research the History of your House in partnership with the VPL and COV Archives; and maintaining the VHF Reading Room which is open weekdays from 9 am - 5 pm.
- *Old News* and *Old E-News*, the VHF newsletter, go out to more than 8,000 Vancouver area homes.

## 2012 Work Plan

In 2012 the 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:

- Public Education
  - Complete the design, building and launch of an interactive web tool of historic house styles.
  - Open heritage buildings including heritage, laneway houses, Vancouver specials and mid-century modern houses to the public.
  - Host lecture series, lunch and learn sessions, evening and day-long courses, and walking tours.
  - Architectural salvage collection and sale to encourage the re-use of building materials in renovation projects.
- Public Awareness
  - Continue Places That Matter plaque program engaging the community in celebratory plaque mounting events.
  - Publish and distribute, both a print and electronically, a newsletter to more than 8,000 homes.

- Foster partnerships with local businesses, government, related and professional organizations.
- Continue work on re-branding and updating communications and website; improve/increase use of social networking sites to promote activities.
- Fundraising
  - Ongoing activities to support annual operating, endowment and major gifts, and special projects.
- Grants for heritage buildings
  - Distribution of grants as incentive to maintain, restore and paint heritage buildings.

These activities will be supported through the annual operating funds being requested in this report as well as fundraising activities. The 2012 budget for the VHF is included in Appendix C.

### *Financial Implications*

Approval of this report will authorize the payment of \$116,000, which includes an inflationary increase of 2% for 2012 from the first year of the three-year operating agreement. Funding is included in the 2012 Operating Budget.

### *Legal Implications*

The 2011-2013 operating agreement requires the VHF to submit an annual report for Council's approval in each year of the term of the operating agreement in order to receive funding in each respective year of the 3 year term. Submission of this report including appendices fulfils the reporting requirement and, subject to Council approving the annual report (Recommendation A), Council is also being requested to approve funding for the 2012 operating year in accordance with the terms of the operating agreement (Recommendation B).

### *CONCLUSION*

The Vancouver Heritage Foundation continues to expand its public programs that support the conservation of the city's heritage buildings. The Foundation does this because heritage buildings contribute to the revitalization of city's neighbourhoods, help to create a culturally and environmentally sustainable city, and they are attractive places for tourists and locals to live and visit. The Foundation serves 6,000 people annually through its tours, lectures and workshops. According to the audited financial statements, the VHF operating revenues in 2011 were \$432,000. Of this, \$114,000 came from the City of Vancouver. As required by the Operating Agreement, the VHF is growing its endowment fund and now has \$1,174,519 invested for endowment and Save the Buildings Fund purposes, up \$20,404 from \$1,154,115 in 2010. The VHF continues to be consulted as a leading Canadian public programming organization supporting the conservation of heritage buildings.

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## THE VANCOUVER HERITAGE FOUNDATION - 2011 ANNUAL REPORT

### THE VANCOUVER HERITAGE FOUNDATION (VHF)

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

### THE VHF MISSION

The 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. The Foundation 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?

The Vancouver Heritage Foundation raises awareness about our city's historic architecture as a legacy for future generations. The built environment, which complements our spectacular natural setting, is an important cultural asset which helps to define who we are as a city by paying tribute to the people and enterprises that built Vancouver. Our unique history adds to the attractiveness of our city to tourists and heritage buildings support the distinctiveness of city neighbourhoods. Retrofitted and re-used older buildings contribute to the city's sustainability by ensuring the natural and human energy embodied in these buildings is not discarded into the landfill.

### HOW THE VHF RAISED AWARENESS ABOUT THE VALUE OF HERITAGE BUILDINGS IN 2011

#### I. PUBLIC AWARENESS AND EDUCATION PROGRAMS

- Continued to develop public and professional awareness about the **important nexus between heritage conservation and sustainable communities** by convening a public lecture (100 attendees) and symposium (50 attendees) that brought to Vancouver Barbara Campagna, Architect for the National Trust for Historic Preservation, in addition to local speakers from EMBERS, City of Vancouver Sustainability Group, and building owners presenting their own case studies.
- Launched Places That Matter, a public engagement and awareness plaque program that celebrates the city's 125<sup>th</sup> Birthday. The project engaged the public through a site nomination day at the VPL and online voting in which 5,000 people participated in selecting the sites that matter to them. The plaque presentations and mounting continue through 2012, and it is hoped the program will be an ongoing program of the Foundation.
- Developed [vancouverhousestyles.com](http://vancouverhousestyles.com), an architectural web tool developed in partnership with Adnet a local tech company and with financial assistance from Young Canada Works to hire a summer student. The project will be completed in Summer 2012.

- Held a one-day salvage sale of building materials gathered from renovation sites and donated by the public to the VHF. The event, operated out of donated warehouse space, was a fundraiser and awareness raiser.
- Maintained existing public awareness programs: (1) **Brown Bag Lunch & Learn at BCIT Downtown** offering brief lunch time sessions on relevant and current heritage projects and topics in the city; (2) **Get Out Of Town** travelled to the Fraser Valley; (3) **Vancouver Special events** continued with a lecture and tour of 5 houses aimed at promoting the re-use, and rehabilitation of this particular stock of Vancouver houses; (4) **1500 people including 150 volunteers visited 10 houses** spread throughout the city on the 9<sup>th</sup> Annual Heritage House Tour. The tour is a one-day, self-guided tour where visitors use a 28 page guidebook giving the history of each house and neighbourhood, and information about its rehabilitation; (5) Coordinated **walking tours** of residential neighbourhoods throughout the summer, and Hastings Street West + East during the Fall; (6) Opened 5 **Modernist homes** on the 8th Annual Mid-Century Modern bus tour; (7) Continued **workshops**, developed in partnership with the City of Vancouver Archives and Vancouver Public Library, to **encourage the public to use the resources of the archives and library** to research Vancouver's history; (8) held the second **Laneway House Tour** opening 5 examples of laneway houses constructed behind existing houses as a demonstration of the densification while maintaining existing streetscapes.
- Maintained **Old School: Courses for Building Conservation**, a certificate program for trades, professionals and the interested public which brings together the theory and practice of rehabilitating old buildings. The program saw its first 10 graduates in 2010. 19 different courses have now been developed and delivered
- Launched the first annual VHF **volunteer recognition event** at the Museum of Vancouver in conjunction with the Neon exhibit. Service awards were given out and an illustrated lecture on neon lights in Vancouver was delivered. Volunteers receive service pins and complimentary tickets to VHF education programs. The VHF has 500 volunteers that contribute time & energy to its programs and events.
- Continued to communicate through web, email and print with more than 8000 lower mainland households about the role of the city's older buildings in tourism, sustainability and telling the stories of Vancouver history.

## II. FUNDRAISING FOR OPERATIONS AND ENDOWMENT

Since 1998 the VHF has established a remarkable track record of achievements in fundraising and programming. The Foundation is the only heritage related not-for-profit in the Province for whom fundraising is central to their mission. Because of this, governments and organizations across Canada continue to seek advice from, and model their own organizations on the VHF.

The Foundation continues to work at growing towards a \$3 million Endowment Fund, the interest from which will support VHF programs. This goal becomes increasingly difficult as interest rates languish and heritage organizations are not eligible for matching endowment funds from the Federal Government. As of December 2011 the VHF has raised \$1,337,922 million currently invested at the Vancouver Foundation and at Odlum Brown. In 2011 fundraising highlights were:

- The **VHF leveraged the COV annual operating grant of \$114,000 by more than four times to reach \$427,891 in operating revenues.** The VHF appreciates the City's operating grant as it keeps our doors open and leverages funding from other sources.
- **Interest on VHF managed and Vancouver Foundation managed investment funds** yielded \$31,220 in interest which was directed to the VHF granting and education programs.
- Net income from the new warehouse **Salvage Sale** was \$10,000
- The **2nd Annual Friends of the VHF campaign** raised \$29,000, an 25% increase over last year.
- Grants from **Young Canada Works, Canada Summer Jobs and the Real Estate Foundation of BC** allowed the VHF to hire a summer student to work on [vancouverhousestyles.com](http://vancouverhousestyles.com) architectural web tool.
- Grant from City of Vancouver 125 funded the planning, research and writing of 125 plaques for places that matter to Vancouverites.

### III. GRANTS TO STIMULATE BUILDING MAINTENANCE & RESTORATION

In 2011 the VHF dispersed 10 grants for a total of \$16,000. The VHF has 4 programs through which buildings listed on Heritage Register are eligible to apply.

1. True Colours – paint exterior of buildings in the original colours of Vancouver
2. Restore It! – repair & maintain heritage listed buildings (roofs, porches, window repair, siding repair) 50% of the cost of a project to a maximum of \$2,000.
3. House Call – volunteer heritage consultants visit homes and issue a conservation report to help the owner plan their projects. \$500 / house call
4. Get on the Register – due to the higher cost of getting onto the heritage register because of the Statement of Significance requirement, the VHF is now funding up to 50% to a maximum of \$500 of the cost of putting a house onto the register.

The VHF is committed to residential granting programs that strengthen the city's distinct neighbourhoods. Once one building in a neighbourhood begins restoration work others soon follow suit. With a small economic investment homeowners are inspired to maintain and restore their homes.

Restoring and maintaining an old house is a costly undertaking. Getting onto the heritage register, sourcing and locating supplies that accurately match the existing building, or finding a tradesperson with the right skills is time consuming and expensive. It is also difficult for many people who know nothing about historic buildings to make wise and informed decisions about their renovations. In recognition of this hardship and to offer heritage homeowners an incentive to maintain and preserve their houses, the Foundation offers grants to houses on the heritage register.

**Over the last 13 years the VHF has awarded 100 grants to heritage buildings totalling \$260,000.**

### IV. VHF OPERATIONS

The VHF is committed to being a fiscally responsible organization that treats its staff and volunteers with respect. To this end in 2011 the VHF:



- Introduced a benefits package with Chambers of Commerce giving staff extended health, some dental benefits and other basic benefits.
- Introduced a modest fund to encourage staff to attend post secondary training in heritage conservation, and to take courses such as computer courses to ensure they are successful in their jobs.
- Introduced a policy to setting aside complimentary seats in all education programs for volunteers.
- Continued to work with over 12 committees comprised of staff, board and the interested and experienced public, so that areas of operations and programming such as Governance, Granting, Communications, Finance, Investment, Fundraising, and Old School receive as broad input from the public as is reasonable given the human resources of the Foundation.
- Continued to communicate about the activities of the VHF through a printed newsletter, e-news, twitter, and the media.

**Audited Financial Statements**

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

Vancouver, B.C.

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FINANCIAL STATEMENTS

December 31, 2011



## 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 The City of Vancouver Heritage Conservation Foundation (Operating as Vancouver Heritage Foundation), which comprise the balance sheet as at December 31, 2011, and the statement of revenues and expenditures, statement of changes in fund balances and statement of 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 generally accepted accounting principles, 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 entity'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 entity'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 non-profit organizations, the Foundation derives part of its revenue from donations, 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. Consequently, we were unable to determine whether, as at or for the year ended December 31, 2011, any adjustments to revenue, deficiency of revenues over expenditures, assets and fund balances were necessary.

*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 The City of Vancouver Heritage Conservation Foundation (Operating as Vancouver Heritage Foundation) as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**Report on Other Legal and Regulatory Requirements**

As required by the *Society Act* (British Columbia), we report that, in our opinion, the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

**"Wolrige Mahon LLP"**

CHARTERED ACCOUNTANTS

March 26, 2012  
Vancouver, B.C.



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

STATEMENT OF REVENUES AND EXPENDITURES

For the year ended December 31, 2011

	2011	2010
	\$	\$
<b>Revenues</b>		
Grants - City of Vancouver	114,000	112,000
Donations and fundraising	102,830	111,119
Special projects	74,179	71,376
Heritage house tour	48,964	57,134
Interest	31,220	28,571
Other program revenue	24,617	32,366
Old school: Courses for building conservation	20,893	45,861
Dividends	7,948	6,450
Other grants received	7,016	12,161
	<u>431,667</u>	<u>477,038</u>
<b>Expenditures</b>		
Bank charges and interest	4,909	5,013
Board of directors	3,913	3,411
Fundraising	18,965	18,625
Heritage house tour	12,462	12,094
HST	4,125	2,333
Insurance	1,469	2,924
Marketing and communications	14,143	16,624
Office utilities, expenses and supplies	17,901	14,636
Old school: Courses for building conservation	12,189	25,455
Other programs, granting and special projects (Note 8)	77,389	104,523
Professional fees	13,838	13,189
Rent	33,124	32,054
Staff and contract workers	213,464	196,885
	<u>427,891</u>	<u>447,766</u>
<b>Excess of revenues over expenditures</b>	<u>3,776</u>	<u>29,272</u>

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

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended December 31, 2011

	Restricted for Endowment \$	Save the Buildings Fund \$	Unrestricted \$	2011 \$	2010 \$
Fund balances, beginning	1,014,275	139,840	164,668	<b>1,318,783</b>	1,117,442
Interfund transfers	-	-	-	-	-
Excess of revenues over expenditures	-	5,041	(1,265)	<b>3,776</b>	29,272
Endowment contributions	27,400	-	-	<b>27,400</b>	147,200
Adjustment for change in fair value of investments held during the year	(10,248)	(1,789)	-	<b>(12,037)</b>	24,869
<b>Balance, ending</b>	<b>1,031,427</b>	<b>143,092</b>	<b>163,403</b>	<b>1,337,922</b>	<b>1,318,783</b>

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

BALANCE SHEET

December 31, 2011

	2011	2010
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash (Note 5)	119,480	117,725
Term deposits	104,000	104,000
Portfolio investments (Notes 6 and 7)	794,416	791,716
Receivables	12,706	13,700
Art inventory	2,162	2,162
Prepaid expenses	2,583	2,585
	<u>1,035,347</u>	<u>1,031,888</u>
Vancouver Foundation investments (Note 7)	333,921	340,881
	<u>1,369,268</u>	<u>1,372,769</u>
<b>Liabilities</b>		
<b>Current</b>		
Payables and accruals	14,763	21,486
Deferred contributions	15,583	31,500
Heather Pavilion Restoration (Note 5)	1,000	1,000
	<u>31,346</u>	<u>53,986</u>
<b>Fund Balances</b>		
Restricted for endowment purposes (Note 7)	1,031,427	1,014,275
Save the Buildings Fund (Note 6)	143,092	139,840
Unrestricted	163,403	164,668
	<u>1,337,922</u>	<u>1,318,783</u>
	<u>1,369,268</u>	<u>1,372,769</u>

*Commitments (Note 9)*

Approved by Directors:

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

STATEMENT OF CASH FLOWS

For the year ended December 31, 2011

	2011	2010
	\$	\$
<b>Cash flows related to operating activities</b>		
Excess of revenues over expenditures	3,776	29,272
Adjustments for items not affecting cash:		
Adjustment for change in fair value of investments held during the year	(12,037)	24,869
	(8,261)	54,141
Changes in non-cash working capital:		
Receivables	994	1,229
Art inventory	-	1,317
Prepaid expenses	2	6,528
Payables and accruals	(6,723)	7,532
Deferred contributions	(15,917)	19,596
	(29,905)	90,343
<b>Cash flows related to investing activities</b>		
Purchase of portfolio investments	(71,007)	(252,080)
Proceeds on disposal of portfolio investments	68,307	44,569
Purchase (disposal) of Vancouver Foundation investments	6,960	(7,317)
	4,260	(214,828)
<b>Cash flows related to financing activities</b>		
Endowment contributions	27,400	147,200
<b>Net increase in cash</b>	<b>1,755</b>	<b>22,715</b>
Cash, beginning	221,725	199,010
<b>Cash, ending</b>	<b>223,480</b>	<b>221,725</b>
Cash represented by:		
Cash	119,480	117,725
Term deposits	104,000	104,000
	223,480	221,725
Supplemental cash flow information:		
Interest received	31,200	44,446



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

NOTES

For the year ended December 31, 2011

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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* (British Columbia). Its principal 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* and is exempt from taxation.

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**Note 2 Significant Accounting Policies**

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**Fund Accounting**

The Foundation follows the deferral method of accounting for contributions.

The Save the Buildings Fund reports revenue and expenses related to a self-sustaining fund managed by the Foundation that purchases heritage buildings within the City of Vancouver under threat either through demolition or renovation that removes their character defining elements.

Endowment contributions are reported in the Endowment Fund. Investment income earned on resources of the Endowment Fund is reported depending on the nature of any restrictions imposed by contributors of funds for endowment.

**Financial Assets and Financial Liabilities**

The Foundation accounts for its financial instruments in accordance with Section 3855 of the *Canadian Institute of Chartered Accountants ("CICA") Handbook*, Financial Instruments - Recognition and Measurement. This section requires all financial instruments to be classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. The section also specifies how financial instrument gains and losses arising from changes in fair value are to be recognized. Depending on the financial instrument's classification, changes in fair value are either recognized in the excess of revenues over expenditures or directly in the fund balances. The Foundation's designations are as follows:

Cash is designated as held for trading and is measured at fair value.

Term deposits, portfolio investments and Vancouver Foundation investments are classified as available-for-sale and are measured at fair value. Fair values are determined directly by reference to published price quotations in an active market. Changes in the fair values of these investments are reflected directly in the fund balances.

Receivables are classified as loans and receivables and are measured at amortized cost.

Payables and accruals are classified as other financial liabilities and are measured at amortized cost.

The Foundation has chosen to continue to apply *CICA Handbook* Section 3861, Financial Instruments Disclosure and Presentation rather than apply Section 3862, Financial Instruments Disclosure, and Section 3863, Financial Instruments Presentation, as allowed by Canadian generally accepted accounting standards for not-for-profit organizations.

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

NOTES

For the year ended December 31, 2011

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**Note 2 Significant Accounting Policies (continued)**

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**Art Inventory**

Art inventory is recorded at the lower of cost and net realizable value. Cost is determined based on specific identification.

**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. Endowment contributions are recognized as direct increases in the fund balances net of a ten percent Administration Cost Recovery that is included as revenue in the unrestricted fund. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred, until then they are reported as deferred contributions.

Contributions of materials or services are recognized when fair value can be reasonably estimated and when the materials or services are used in the normal course of the Society's operations and would otherwise have been purchased.

Donated assets are recorded at their estimated fair market value in the period received.

**Use of Estimates**

The preparation of financial statements in conformity with Canadian 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 Financial Instruments**

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Items that meet the definition of a financial instrument include cash, term deposits, portfolio investments, receivables, Vancouver Foundation investments and payable and accruals. It is management opinion that the foundation is not exposed to significant liquidity risk, credit risk or currency risk arising from these financial instruments.

**Risks and concentrations**

The Foundation is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Foundation's risk exposure at December 31, 2011.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is mainly exposed to interest rate risk and other price risk.

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

NOTES

For the year ended December 31, 2011

**Note 3 Financial Instruments (continued)**

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Foundation to a fair value risk while the floating rate instruments subject it to a cash flow risk.

**Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investments in quoted shares.

**Note 4 Capital**

The Foundation's primary objective is to operate programs promoting the preservation, maintenance and restoration of Vancouver city buildings, structures and lands with historical or architectural significance. The Foundation considers its capital structure to consist of its accumulated fund balances. The Foundation has customary external restrictions on many of its fund balances, and is in compliance with these restrictions. The Foundation's capital structure as at December 31, 2011 and 2010 was as follows:

	2011 \$	2010 \$
Restricted for Endowment	1,031,427	1,014,275
Save the Building Fund	143,092	139,840
Unrestricted	163,403	164,668
	<u>1,337,922</u>	<u>1,318,783</u>
	<b>Save The Buildings Fund \$</b>	<b>Restricted For Endowment \$</b>
Invested as follows:		
Cash	8,898	37,284
Portfolio investments	134,194	660,222
Vancouver Foundation investments	-	333,921
	<u>143,092</u>	<u>1,031,427</u>

**THE CITY OF VANCOUVER HERITAGE CONSERVATION  
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NOTES

For the year ended December 31, 2011

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**Note 5 Restrictions on Cash**

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The Foundation has restricted \$1,000 of the cash balance from use in the Foundation's day-to-day operations. The amount is being held on 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. The Foundation has also restricted \$8,898 of the cash balance on behalf of the Save the Buildings Fund. These funds are managed by the Vancouver Heritage Foundation to purchase, as a last resort, buildings that are under threat of demolition in order to protect their heritage designation. A further \$37,284 of the cash balance is restricted for the Vancouver Heritage Conservation Endowment Fund.

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**Note 6 Restrictions on Portfolio Investments**

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Portfolio investments consist of publicly traded stocks and bonds.

The Foundation has portfolio investments of \$134,194 that are restricted for the Save the Buildings Fund. These funds are managed by the Vancouver Heritage Foundation to purchase, as a last resort, heritage buildings that are under threat of demolition in order to protect their heritage designation. A further \$660,222 of the portfolio investments balance is restricted on behalf of the Vancouver Heritage Conservation Endowment Fund.

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**Note 7 Restriction on Vancouver Foundation Investments**

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In 1997, the Foundation established the Vancouver Heritage Conservation Endowment Fund. The board of directors have internally restricted \$1,031,427 for the fund. Of this, \$333,921 (2010: \$340,881) is held by the Vancouver Foundation, \$660,222 (2010: \$658,981) is held in portfolio investments, and \$37,284 (2010: \$11,247) is held in cash. These funds are held in trust for a period of no less than ten years and the interest earned on the funds is recorded annually in the books of the Foundation.

During the year, the Foundation recognized an unrealized loss of \$6,959 (2010: gain of \$7,317) in the fund balances due to a change in the market value of the Foundation's funds held by Vancouver Foundation and an unrealized loss of \$3,289 in the fund balances due to a change in the market value of the Foundation's funds held in an investment account at Odlum Brown.

**THE CITY OF VANCOUVER HERITAGE CONSERVATION  
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NOTES

For the year ended December 31, 2011

**Note 8 Other Programs, Granting and Special Projects**

	2011	2010
	\$	\$
Granting programs	17,066	15,971
Special projects	49,155	73,459
Other	11,168	15,093
	<u>77,389</u>	<u>104,523</u>

**Note 9 Commitments**

The Foundation is committed to a lease of its premises which expires on February 28, 2015 and a lease of a photocopier which expires on April 30, 2015. The obligations under these leases are:

	\$
2012	15,080
2013	15,060
2014	15,952
2015	2,988
	<u>49,080</u>

2012 Budget

<b>2012 Budget - Report to Council</b>	<b>VANCOUVER HERITAGE FOUNDATION OPERATING BUDGET</b>		
	Reconciled to FS		<b>APPENDIX C</b>
<b>Revenue</b>	<b>2011 COV Actuals</b>	<b>2011 budget</b>	<b>2012 budget</b>
City of Vancouver	\$ 114,000	\$ 114,000	\$ 116,000
Interest + Dividends	\$ 39,168	\$ 40,000	\$ 40,000
Program Revenue	\$ 24,617	\$ 37,000	\$ 15,000
Charitable Donations- (non endowment)	\$ 75,936	\$ 70,000	\$ 85,000
VHF Fundraising Events	\$ 26,894	\$ 49,100	\$ 25,000
Heritage House Tour	\$ 48,964	\$ 60,000	
House Tours			\$ 80,000
Special Project Revenue	\$ 81,195	\$ 50,000	\$ 70,000
Old School - sponsorship & fees	\$ 20,893	\$ 46,000	\$ 25,000
<b>TOTAL INCOME</b>	<b>\$ 431,667</b>	<b>\$ 466,100</b>	<b>\$ 456,000</b>
<b>Expenses</b>			
GST Expense VHF portion		\$ -	
Dues, Fees, Licenses	\$ 675	\$ 600	\$ 700
Interest, Bank Charges / HST	\$ 9,034	\$ 7,500	\$ 3,000
Insurance	\$ 1,469	\$ 3,000	\$ 2,500
Office expenses (includes supplies / equipment)	\$ 13,359	\$ 10,000	\$ 10,000
Courier, Postage	\$ 849	\$ 500	\$ 600
Printing & Copying	\$ 2,110	\$ 2,000	\$ 2,000
Board of Directors	\$ 3,913	\$ 3,000	\$ 2,500
Marketing (newsletter, website,	\$ 14,143	\$ 20,000	\$ 15,500
Fundraising	\$ 18,965	\$ 20,000	\$ 20,000
Rent	\$ 33,124	\$ 34,000	\$ 34,200
Capital Expenses	\$ 908	\$ 500	\$ 1,000
<b>Consultant Fees &amp; Payroll</b>			
Payroll	\$ 213,464	\$ 231,000	\$ 233,500
Book keeping & Audit	\$ 13,838	\$ 12,000	\$ 12,000
<b>Program Expense</b>			
Grant Programs (TC / Restore It)	\$ 17,066	\$ 25,000	\$ 12,000
Heritage House Tour	\$ 12,462	\$ 12,000	
House Tours			13,000
Other programs (lectures, tours, work shops)	\$ 11,168	\$ 10,000	\$ 8,000
Special Projects	\$ 49,155	\$ 50,000	\$ 70,000
Old School	\$ 12,189	\$ 25,000	12000
Volunteers			3500
<b>TOTAL EXPENSE</b>	<b>\$ 427,891</b>	<b>\$ 466,100</b>	<b>\$ 456,000</b>
Net expenses to revenues	\$ 3,776		

## THE VANCOUVER HERITAGE FOUNDATION - 2012 WORK PLAN

In 2012 the Vancouver Heritage Foundation will support the conservation of the city's heritage buildings & structures in recognition of their contribution to Vancouver's economy, sustainability and culture by:

- I. **Creating opportunities for the public to access and learn about heritage structures; and by developing education opportunities to help in the successful conservation of heritage buildings.**
  - Complete and launch [vancouverhousestyles.com](http://vancouverhousestyles.com) an illustrated, interactive web tool of houses styles, their historical context and a glossary of their architectural components. Begun a few years ago this comprehensive online encyclopedia of local house style history will be finished in the summer of 2012 if student work grant applications are successful.
  - Open heritage buildings to the public.
    - Heritage House Tour (June 3, 2012) – 10 houses, 2000 people, 150 volunteers
    - Heritage House Tour pre-tour lecture – May 16<sup>th</sup> with Michael Kluckner on 'The Evolution of the Vancouver House: 100 years of housing in Vancouver'
    - Modernist Residential Tour – 5 houses open on bus tour August 11, 2012
    - Vancouver Special Tour of 5 homes, with 600 visitors and 70 volunteers September 22, 2012
    - Laneway House Tour opening lane house sensitive to the existing (not new) houses in front – October 20, 2011
    - Get Out of Town to the historic Stave Lake Power House – July 14, 2012
    - 1 - 3 special tours of unique heritage spaces or sites associated with topical issues
  - Introduce a lecture series at Hycroft on topics of interest to those interested in the history and heritage of the city. Spring 2012 topics to include: Historic Paint Colours; Neon in Vancouver; Stained Glass in the City.
  - Partner with Borealis String Quartet to do concerts in heritage houses.
  - Continue with six Brown Bag Lunch & Learn at BCIT Downtown campus presenting lunch time illustrated presentations on current topics in conservation such as: Gastown & New Westminster: Economic Revitalization through Heritage Conservation; History & Evolution of Hastings Park and the PNE; Role of the CPR in Development of Downtown Vancouver
  - Continue to develop and administer *Old School: Courses for Building Conservation* a continuing education certificate program for the public, related professionals and trades that brings together the theory and practice of conserving heritage buildings. Continue to try to achieve a sustainable business model for the program.
    - A one-day Core Courses - Heritage 101: Understanding Heritage Conservation in the spring and Fall.
    - Run 4 - 6 electives
  - Hold a second architectural salvage sale on May 12<sup>th</sup> at the VHF warehouse in Richmond with the goal to promote the recycling of building materials by the general public.
  - Offer walking tours in historic residential neighbourhoods and downtown areas and topics such as Gastown, Chinatown, Art Deco, Burrard Street and various residential neighbourhood walks, beginning in April and continuing until mid-October.
  - Participate in Jane's Walks, May 5, 2012, by hosting a free guided neighbourhood walk
  - Find funding to research, write and publish a map guide of historic buildings on East & West Hastings Street.

Apply for grant funding and solicit private donations to undertake a research study examining the social, cultural, economic and environmental impacts of heritage conservation over the past 25 years since the heritage conservation program began.

## **II. Create Public Awareness about heritage conservation and the activities of the Vancouver Heritage Foundation**

- Continue to work with community groups and building owners to present and mount Places That Matter plaques marking 125 people, places and events that have shaped Vancouver.
- Convene a Heritage Summit bringing all the city's heritage groups together for a discussion on the opportunities and challenges facing heritage buildings in 2012. Groups include: VHF, Heritage Vancouver Society, COV Heritage Commission, Gastown Historic Area Planning Committee, Chinatown Historic Area Planning Committee, Canadian Association of Heritage Professionals (BC Branch). These groups have never before met to discuss common issues and plan how to best ensure there is a legacy of heritage buildings for the future.
- Publish 2 issues of Old News printed and e-news newsletter distributed to 8800 homes. (4,000 electronically / 4,800 in print).
- Improve and increase use of social networking sites (Facebook, YouTube, Flickr and Twitter) to promote VHF activities and share heritage conservation information.
- Partner with local business, government, related organizations and related professionals to:
  - Position VHF as a key heritage organization
  - Develop VHF education programs in partnership with related organizations such CMHC and Real Estate Foundation.
  - Broaden the community of heritage stakeholders by stretching the public perception of what is a heritage building to include recent buildings.
  - Give continuing professional education credits to program participants.(PIBC, AIBC, BOABC, BCSLA, AICBC)
- Work with Citizen Brand, Todd Falkowsky on a pro bono basis, to rebrand the VHF, update communications and develop a new website to replace the current website developed in 2003.
- Change out THE WALL at CBC once during the year funding permitting.
- Work with VHF Trades & Professionals participants to develop their knowledge about the restoration of heritage buildings by encouraging them to attend Old School's Heritage 101.

## **III. Fundraising in the public and private sectors to protect our built heritage into the future, and to sustain the operations of the VHF.**

- **Annual Operating Fundraising**
  - Submit Annual Report to the COV in April to facilitate the release of the 2012 operating funds which is the second year of a three year operating grant (2011 – 2013).
  - Raise \$80,000 through House Tours from ticket sales and corporate sponsorship
  - Raise \$25,000 through FR events and charitable donations
  - Annual Friends of the VHF campaign goal of \$30,000
  - Partner with Borealis String Quartet to run 4 Thursday afternoon concerts in heritage houses during September & October. Proceeds to be shared between the two groups.
  - Take interest earned from \$1.3 million in Endowment investments into operating to help fund programs.
  - Write grant applications and raise corporate sponsorships and individual donations for special projects, VHF events and programs.



- Receive 8% of the revenue from the JJ Bean kiosk at CBC THE WALL exhibits. Steward donor John Neate of JJ Bean Coffee.
- Write grant applications for summer students / interns to work at VHF
- **Endowment & Major Gift Fundraising**
  - Work with the Fund Development Committee of the Board, the Fund Development Officer and the Board to identify donor prospects
  - Introduce two new giving levels between \$1000 + \$10,000 along with specific benefits, to encourage donors to increase their gifts.
  - Actively solicit planned gifts in wills from among existing donors to the Foundation. The VHF currently has 4 bequests.
  - Seek private and public Foundation sources of endowment funding.
  - Update donor wall at CBC Plaza with 2011 donors.
- **Special Project Fundraising**
  - Continue to solicit sponsorship of individual Places That Matter plaques to cover the on-going costs of public engagement necessary to present and mount the plaques.
  - Continue to work with and encourage Benjamin Moore's continuation as the sponsor of True Colours and begin work with Benjamin Moore on the development of a Mid-Century Modern Vancouver paint palette.
  - Continue to work with JJBean coffee to fund the WALL at CBC.
  - Raise \$5,000 to complete 'Your Old House: Interactive Encyclopedia of Traditional House Styles and their Component Parts'
  - Raise \$10,000 for a new VHF website.
  - Raise \$10,000 to fund a historic map guide to the East & West Hastings Street corridors.

**IV. VHF grants act as an incentive for the maintenance, restoration and exterior painting of historic buildings.**

- Distribute \$12,000 in grants through 4 granting programs:
  - True Colours exterior painting grants with paint from Benjamin Moore.
  - Restore It! for the repair and maintenance of exterior fabric.
  - House Call grants for on site consultations.
  - Get on the Register to assist building owners to complete Statements of Significance so that their buildings can be added to the register.

**V. Maintaining an efficient and effective organization that (1) treats its staff and contractors with respect and encourages their growth and development; (2) is fiscally responsible; (3) values its donors and volunteers; and (4) contributes to a sustainable city by making smart decisions about how we operate and what we purchase.**

- Conduct performance reviews for staff to motivate to grow their careers in non-profit management and heritage conservation.
- Increase diversity on VHF committees, while maintaining high levels of engagement, relevant skill sets and expertise.
- Maintain an economic and sustainable marketing strategy:
  - sponsored print materials
  - free, volunteer-powered material distribution

- utilization of Parks Board and VPL distribution services
  - free e-mail marketing through Vertical Response
  - educational, editorial coverage of VHF events in local newspapers, websites, radio and TV stations
  - develop a new website to better support the programs and activities of the VHF
- 
- Apply to have one student in office for summer on grants from REF Bursary + YCW + HRDC.
  - Continue to hold a Volunteer recognition evening and to recognize volunteers through bronze / silver / gold level volunteer recognition pins.
  - Offer donor and volunteer recognition / appreciation opportunities through complimentary tickets to education programs, pop-up tours, and special donor receptions and tours.
  - Provide at least one continuing education opportunity for each staff person.
  - Significant reduction in print and paper production in all VHF programs through increased use of electronic communication, course materials, marketing and newsletters.