



ADMINISTRATIVE REPORT

Report Date: April 3, 2014
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Meeting Date: April 29, 2014

TO: Vancouver City Council
FROM: General Manager of Planning and Development Services
SUBJECT: Vancouver Heritage Foundation 2013 Annual Report

RECOMMENDATION

- A. THAT Council approve the 2013 Annual Report of the Vancouver Heritage Foundation attached as Appendix A.
- B. THAT Council approve payment of a grant to the Vancouver Heritage Foundation in the amount of \$120,000 to be used as operating funds for the first year of the three-year operating agreement noting that funding is included in the 2014 Operating Budget.

REPORT SUMMARY

This report seeks Council approval of the Vancouver Heritage Foundation ("VHF") 2013 Annual Report as required pursuant to the current 2014-2016 operating agreement with the City (the "Current Agreement"). This report also seeks approval of operating funds for 2014 as outlined in this report and in accordance with the terms of the Current Agreement.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

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

On September 13, 2001 Council approved a three-year contract (2002-2004) with VHF at an annual cost of \$100,000, subject to an annual report from VHF. Since then, Council has

approved annual reports from VHF and successive three-year operating agreements including most recently on May 15, 2013 when Council authorized the Current Agreement for VHF from 2014-2016 at an annual cost of \$120,000 plus inflationary increases. On May 15, 2013 Council approved the 2012 Annual Report of the VHF and authorized payment for 2013, the third year of the 2011-2013 Agreement.

Approval of grant recommendations requires eight affirmative votes of Council.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Planning and Development Services RECOMMENDS approval of A and B.

REPORT

Strategic Analysis

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

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

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

1. education and public awareness activities.
2. granting programs that act as economic incentives for the repair and maintenance of designated heritage buildings.
3. the creation of a network of heritage building related resources including organizations, businesses, trades and professionals.
4. fundraising to grow an endowment fund to benefit heritage conservation activities into the future.

2013 Annual Report

In 2013 VHF supported the conservation of heritage buildings in the City (Appendix A is a full report of VHF activities). As highlighted in the annual report, in 2013 VHF:

- Released *Heritage Conservation in a Green and Growing City*, a report presenting the results of a public survey gauging the public's attitudes to heritage buildings and awareness of the connection between heritage buildings and energy efficiency, density and affordability.
- Launched a new brand identity and website for VHF.
- Continued to engage with the public on "Places That Matter" plaque presentation ceremonies.

- Expanded and refreshed programming, including with a new series, Film Nights at the Hollywood presenting eight movie nights in the historic Hollywood Theatre.
- Participated in the Province-wide Heritage Week in February with a variety of public events.
- Completed three sustainability case studies on heritage-related projects.
- Commenced creation of an online interactive map of the Vancouver Heritage Register for launch in 2014. This was partly funded by a Provincial "Get Youth Working" grant.
- Grew VHF social media connectivity as a tool engaging with the public about the VHF mandate and programs.
- Appointed a new Executive Director on the retirement of Diane Switzer.
- Continued to manage the financial health of the organization by ensuring diverse funding sources leveraged from the operating grant from the City of Vancouver. More than 70% of VHF operating revenues came from fundraising, programs and investment income.

Operating Summary

- General: the operating budget was over three times the City of Vancouver operating grant of \$118,000.
- Funds & Assets: As of December 31, 2013, VHF has \$661,255 (\$525,936 in 2012) restricted for endowment purposes with an additional \$141,724 (\$133,065 for 2012) for the Save the Buildings Fund to rescue threatened heritage buildings and \$136,054 (\$171,933 for 2012) set aside in an emergency operating reserve fund.
- Revenues and expenditures:
 - Total revenues increased by \$58,664 (12%) from \$488,877 in 2012 to \$547,541 in 2013.
 - The major contributors to the increase were made up of increases in donations and fundraising of \$35,169 (36%), and gain from portfolio investments of \$76,644 (488%), offset by decreases in Special projects and Old School revenues.
 - Total expenditures decreased by \$39,501 (8%) from \$478,943 in 2012 to \$439,442 in 2013.
 - The major contributors to the decrease were reductions in fundraising expenses of \$22,872 (69%), marketing and communications of \$5,977 (32%), and other programs, granting and special projects of \$15,257 (22%).
 - These decreases were offset by increases to expenditures for Old School: Courses for Building Conservation of \$4,475 (82%).
 - At the end of the year revenues exceeded expenditures by \$108,099.

2014 Work Plan

In 2014, 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:

- Launching a historic map guide for Kitsilano for which research and writing is well advanced.
- Launching a new interactive map of the Vancouver Heritage Register.

- Introduction of a new workshop on heritage-compatible energy retrofits for older buildings.
- Piloting a bus tour in partnership with Musqueam First Nation.
- Continuing house tours, walking tours, evening lectures, lunchtime talks, Old School education programs, The WALL at CBC public art exhibit and Places That Matter plaque program.
- Continued grants program to support repair and maintenance of heritage buildings.
- Ongoing social media engagement and other communications with a growing community.
- Renewed architectural salvage social enterprise model.

These activities will be supported through the annual operating funds being requested in this report as well as fundraising activities and program revenues. The 2014 budget for VHF is included in Appendix C.

Financial Implications

Approval of Recommendation B in this report will authorize the payment of a grant in the amount of \$120,000 for 2014 as per the first year of the Current Agreement. Funding for 2014 is included in the 2014 Operating Budget.

Legal Implications

The Current Agreement requires VHF to submit annual reports for Council approval in order to receive funding. Submission of this report including appendices fulfils the reporting requirement and, subject to Council approving the report (Recommendation A), Council can also approve funding for 2014 (Recommendation B).

CONCLUSION

The VHF continues to expand and refresh its public programs that support the conservation of the City's heritage buildings and sites. Through tours, lectures, workshops and granting VHF encourages people to understand and value the City's history and heritage sites, and to retain, reuse and rehabilitate buildings. VHF does this because heritage buildings contribute to the revitalization of City neighbourhoods, help to create a culturally and environmentally sustainable City, and they are attractive places for tourists and locals to live and visit. VHF serves about 6,000 people annually through its programs and reaches many more through communications and information resources. According to the audited financial statements, the VHF revenues in 2013 were \$547,541. Of this, \$118,000 came from the City of Vancouver while \$163,287 was raised through VHF programs, and \$266,254 was raised by VHF through fundraising activities, grants received and investments. VHF is a financially healthy organization with revenue from diverse sources and expenses in line with revenues. Programs planned for development in 2014 support the Greenest City 2020 goals through the set-up of an architectural salvage social enterprise to encourage reuse of building materials, ongoing education and engagement on the value of retaining and reusing buildings, and a new workshop on energy retrofits for older homes.

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?

Vancouver Heritage Foundation develops and implements education and public awareness programs to support the retention of heritage buildings and sites. VHF programs encourage Vancouverites to understand and value the history and built heritage of the city, and to keep, reuse, restore and rehabilitate older buildings. This has far-reaching benefits. Heritage buildings and sites provide markers in telling the stories of Vancouver's rich history. They anchor a sense of place for communities, can be a focal point for social cohesion and can be a catalyst for neighbourhood revitalization. Heritage buildings contribute to the economy through skilled jobs in renovating and caring for older structures, as well as enhancing Vancouver's appeal for tourism. Retention and reuse of heritage buildings is also important for environmental sustainability, diverting tons of waste from the landfill and reducing the need for new energy-intensive materials.

HOW THE VHF RAISED AWARENESS ABOUT THE VALUE OF HERITAGE BUILDINGS IN 2013

I. PUBLIC AWARENESS AND EDUCATION PROGRAMS

- VHF released the findings of a public survey and stakeholder interviews in early 2013: *Heritage Conservation in a Green and Growing City*. An infographic summarizing the key findings was also disseminated widely. The survey findings provided a clear picture of the strength of support for heritage retention and rehabilitation among Vancouver residents, and the connection to city priorities of affordability, energy efficiency and density.
- In February 2013, VHF launched a **new brand identity and a new website**. The distinctive logo and word mark provide a strong platform for VHF to build further awareness of the organization and its priorities with wide audiences across Vancouver. The new website offers a more user-friendly interface and functionality to provide and organize resources for public use, as well as information and registration functions for VHF programs. The website was developed in partnership with local web services company Split Mango Media.
- The **Places That Matter** plaque program celebrates places that matter to Vancouverites, raising awareness of the City's history and engaging the public through

presentation ceremonies. It was launched as part of Vancouver 125. By the end of 2013, 71 plaques had been presented.

- Maintained existing public awareness programs: (1) **Brown Bag Lunch & Learn** at BCIT Downtown offering six lunchtime sessions on relevant and current heritage projects in the city; (2) **Evening Lectures** with the University Women's Club at Hycroft on topics relevant to Vancouver's history and heritage, six events; (3) The 11th **Heritage House Tour** was held in early June with over 1000 people including 150 volunteers visiting twelve houses across the city. The tour is a one-day, self-guided tour where visitors use a guidebook that provides the history of each house, renovation work done and information about neighbourhoods and themes highlighted by the houses on the tour; (4) Opened five Modernist homes on the 10th annual **Mid-Century Modern house tour**, this year offering a self-drive option in addition to the bus tour option; (5) Held the 5th annual **Vancouver Special house tour**, opening five renovated examples of this uniquely-Vancouver house style and encouraging the concepts of retention and reuse of existing buildings, attended by nearly 400 people; (6) Held the 4th annual **Laneway House Tour**, with seven lane houses toured by over 400 people; (7) The **Walking Tours** program continued with over 20 walks in neighbourhoods across the city.
- 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. Standard courses were continued and a new course on Architectural Photography was offered. All courses are accredited for continuing professional development credits from AIBC, PIBC, BOABC, AICBC, IDIBC and BCSLA.
- Introduced several new programs with appeal to new audiences: **Film Nights at the Hollywood** screened movies on themes related to architecture, design or with a Vancouver connection on eight nights through the spring and fall. A Sunday morning program in partnership with JJ Bean Coffee Roasters, with three **Sunday Morning at the Marine** events attracting 180 participants for coffee and architectural history. VHF also offered a successful event with Yaletown Brewpub, and offered bike tours during the summer months.
- VHF offered a full program of events in **Heritage Week**, a Province-wide celebration of built heritage held late February. Events included walking tours and talks, some in partnership with other organizations.
- Continued **The WALL** at CBC plaza, a public art exhibit in partnership with JJ Bean Coffee Roasters and the CBC. A new artwork by artist Paul de Guzman was installed in the spring.
- Launched the **West Hastings Historic Map Guide** in print and online, with walking tour events and sponsorship from the Downtown Vancouver BIA.
- VHF completed three **sustainability case studies**, employing a student from the UBC Environmental Design program to research and write them under guidance from VHF staff. They explore how three different heritage related projects contributed to achieving sustainability goals in different Vancouver neighbourhoods.
- Work began on a new **interactive map of the Vancouver Heritage Register**, partially supported by a grant from the Provincial "Get Youth Working" program. The map builds on open-source data provided by the City of Vancouver and will provide information on each site on the Heritage Register.
- Held a VHF **volunteer recognition** event in December at the Museum of Vancouver to acknowledge the contribution of volunteers to VHF activities throughout the year. The event was attended by over 60 volunteers, with 58 receiving service awards. The

program at the Museum of Vancouver featured a screening of a film on Foncie's Fotos and access to exhibitions.

- **Communicated through web, social media, email and print** with more than 10,000 people about the historical and current value of the city's older buildings. VHF regularly contributed posts to three different blogs in 2013. Social media connectivity expanded through the year by over 50% across multiple platforms. Media coverage on radio, print and online augmented VHF's reach to a wide audience. VHF partnered with Homes & Living Magazine for the first time, providing an illustrated article for each of the six issues through the year.

II. FUNDRAISING ACTIVITIES

VHF's fundraising efforts focus on raising annual funds through the Annual Campaign held each fall, through corporate sponsorship of VHF events and programs, and through careful pricing to ensure each program either covers its own costs or nets positive income. In 2013 fundraising highlights were:

- Through program and fundraising revenue, the VHF leveraged the COV annual operating grant (\$118,000) by more than three times to reach \$401,680 in operating revenues. The City's operating grant provides both important funding and the opportunity to leverage funding from other sources.
- Interest on VHF managed and Vancouver Foundation managed investment funds yielded \$39,009 in interest and dividends which was directed to VHF granting and education programs. Good fund management and market conditions provided strong growth of VHF investments in 2013. Less fundraising revenue was generated from fundraising activities during this transitional year (with the appointment of a new Executive Director in September), the focus being on a strong program continuation. However the investment performance more than offset this and the overall financial health of VHF continues to be very positive. \$81,900 of portfolio growth was not taken into operating funds, increasing the base for growth in 2014.
- Corporate sponsorships funded the Heritage House Tour, Old School courses, Vancouver Special Tour, Laneway House Tour, Walking Tours and the WALL public art platform at CBC.
- Individual and corporate sponsorships funded the Places That Matter plaque program.
- In-kind donations of goods and services included a reduced rent, donation of time and expertise by lecturers and workshop presenters, paint from Benjamin Moore for the True Colours grant program, distribution of marketing materials, new website development, and photography.
- A grant from "Get Youth Working", Province of BC allowed VHF to hire a graduate to work on the Vancouver Heritage Register interactive map project.

III. GRANTS TO STIMULATE BUILDING MAINTENANCE & RESTORATION

In 2013 VHF dispersed eight grants for a total of \$9,500. VHF offers grants for:

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

Restoring and maintaining an older building 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. VHF recognizes the challenges involved and offers grants as an incentive to building owners to maintain and restore buildings on the heritage register.

VHF has also seen the effect these granting programs can have towards strengthening the city's distinct neighbourhoods. One building in a neighbourhood that begins restoration work can inspire others to follow suit to maintain and restore their homes.

In 2013 VHF developed the concept for a Matching Grant program for the energy retrofit and seismic upgrading of heritage homes and will pursue this further in 2014.

IV. VHF OPERATIONS

In 2013 VHF appointed a new Executive Director, Judith Mosley, on the retirement of Diane Switzer. VHF is committed to being a fiscally responsible organization that treats its staff and volunteers with respect. To this end in 2013 VHF:

- Brought together a meeting of the City's heritage groups (both COV appointed and community based) to identify common interests, to develop a strategy to advance the conservation of heritage buildings in the city, and to diminish duplication efforts.
- Continued with a modest benefit package through Chambers of Commerce Group Insurance Plan.
- Continued to provide modest funding for staff to attend post-secondary training in heritage conservation and to take courses such as computer courses to ensure they are successful in their jobs.
- Continued the policy of setting aside complimentary seats in all education programs for volunteers and held the 3rd annual volunteer recognition and awards evening.
- Continued to work with a range of committees comprised of staff, board and the interested and experienced public, so that areas of operations and programming such as Granting, Communications, Finance and Old School receive as broad input from the public as is reasonable given the human resources of VHF.

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

Vancouver, B.C.

FINANCIAL STATEMENTS

December 31, 2013

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, 2013, 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 not-for-profit organizations, The City of Vancouver Heritage Conservation Foundation (Operating as Vancouver Heritage Foundation) derives part of its revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the accounts of The City of Vancouver Heritage Conservation Foundation (Operating as Vancouver Heritage Foundation) and we were not able to determine whether, as at or for the year ending December 31, 2013, any adjustments might be necessary to donations, excess of revenues over expenditures, assets and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The City of Vancouver Heritage Conservation Foundation (Operating as Vancouver Heritage Foundation) as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the *Society Act* (British Columbia), we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

Wolrige Mahon LLP

CHARTERED ACCOUNTANTS

February 24, 2014
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, 2013

	2013	2012
	\$	\$
Revenues		
Donations and fundraising	132,095	96,926
Grants - City of Vancouver	118,000	116,000
Gain from portfolio investments	92,350	15,706
House tours	84,228	82,243
Special projects	36,870	74,969
Interest	27,890	30,142
Other programs	27,295	30,136
Old school: Courses for building conservation	14,894	22,118
Dividends	11,119	11,937
Other grants received	2,800	8,700
	547,541	488,877
Expenditures		
Bank charges and interest	5,015	5,683
Board of directors	2,048	2,329
Fundraising	9,992	32,864
GST/HST	3,749	3,710
House tours	15,906	16,770
Insurance	2,067	2,219
Investment fees	8,342	7,574
Marketing and communications	12,286	18,263
Office utilities, expenses and supplies	17,407	17,152
Old school: Courses for building conservation	9,894	5,419
Other programs, granting and special projects (Note 10)	52,652	67,909
Professional fees	14,992	14,228
Rent	34,615	33,720
Staff and contract workers	250,477	251,103
	439,442	478,943
Excess of revenues over expenditures	108,099	9,934

The accompanying notes are an integral part of these financial statements.

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

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended December 31, 2013

	Internally Restricted for Endowment \$	Save the Buildings Fund \$	Unrestricted \$	2013 \$	2012 \$
Balance, beginning	525,936	133,065	171,933	830,934	821,000
Excess of revenues over expenditures	-	-	108,099	108,099	9,934
Interfund transfers - investment income (Note 9)	71,319	8,659	(79,978)	-	-
Interfund transfers - deferred contributions (Note 9)	64,000	-	(64,000)	-	-
Balance, ending	661,255	141,724	136,054	939,033	830,934

The accompanying notes are an integral part of these financial statements.

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

BALANCE SHEET

December 31, 2013

	2013 \$	2012 \$
Assets		
Current		
Cash	108,763	108,923
Term deposit (Note 2)	54,000	104,000
Receivables	14,433	13,417
Art inventory	-	2,162
Prepaid expenses	2,781	2,880
	<u>179,977</u>	<u>231,382</u>
Restricted cash (Note 3)	1,000	1,000
Portfolio investments (Note 4)	922,466	830,251
	<u>1,103,443</u>	<u>1,062,633</u>
Liabilities		
Current		
Payables and accruals (Note 6)	15,885	27,905
Deferred contributions (Note 7)	6,525	2,294
Heather Pavilion Restoration (Note 3)	1,000	1,000
	<u>23,410</u>	<u>31,199</u>
Deferred endowment contributions (Notes 4 and 8)	141,000	200,500
	<u>164,410</u>	<u>231,699</u>
Fund Balances		
Internally restricted for endowment purposes (Note 4)	661,255	525,936
Save the Buildings Fund (Note 4)	141,724	133,065
Unrestricted	136,054	171,933
	<u>939,033</u>	<u>830,934</u>
	<u>1,103,443</u>	<u>1,062,633</u>

Commitments (Note 14)

Approved by Directors:

The accompanying notes are an integral part of these financial statements.

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

STATEMENT OF CASH FLOWS

For the year ended December 31, 2013

	2013 \$	2012 \$
Cash flows related to operating activities		
Excess of revenues over expenditures	108,099	9,934
Adjustments for items not affecting cash:		
Gain on portfolio investments	(92,350)	(15,706)
Deferred endowment contributions recognized in income	(64,000)	-
Writedown of art inventory	2,162	-
	<u>(46,089)</u>	<u>(5,772)</u>
Changes in non-cash working capital:		
Receivables	(1,016)	(711)
Prepaid expenses	99	(297)
Payables and accruals	(12,020)	13,141
Deferred contributions	4,231	(13,289)
	<u>(54,795)</u>	<u>(6,928)</u>
Cash flows related to investing activities		
Purchase of portfolio investments	(298,889)	(126,868)
Proceeds on disposal of portfolio investments	299,024	137,160
	<u>135</u>	<u>10,292</u>
Cash flows related to financing activities		
Endowment contributions	4,500	17,500
	<u>4,500</u>	<u>17,500</u>
Net increase (decrease) in cash	(50,160)	20,864
Cash, beginning	212,923	192,059
	<u>162,763</u>	<u>212,923</u>
Cash, ending	162,763	212,923
Cash represented by:		
Cash	108,763	108,923
Term deposits	54,000	104,000
	<u>162,763</u>	<u>212,923</u>

The accompanying notes are an integral part of these financial statements.

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

NOTES

For the year ended December 31, 2013

The 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.

Note 1 Significant Accounting Policies

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

Fund Accounting

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

The Endowment Fund is an internally restricted fund for the purpose of providing operating funds to the foundation.

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

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred, until then they are reported as deferred contributions.

Revenue for services including programs, tours, special projects and courses is recognized as the services are provided and collectibility is reasonably assured.

Interest and dividend income is recognized when received.

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 foundation's operations and would otherwise have been purchased. In 2013, the foundation received \$6,000 of contributions of materials or services in the form of a reduction of rent.

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

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

NOTES

For the year ended December 31, 2013

Note 1 Significant Accounting Policies (continued)

Financial Instruments

Measurement of financial instruments

The foundation measures its financial assets and financial liabilities at fair value at the acquisition date, except for financial assets and financial liabilities acquired in related party transactions. Transaction costs related to the acquisition of financial instruments subsequently measured at fair value are recognized in excess of revenue over expenditures when incurred. The carrying amounts of financial instruments not subsequently measured at fair value are adjusted by the amount of the transaction costs directly attributable to the acquisition of the instrument.

The foundation subsequently measures all of its financial assets and financial liabilities at amortized cost except for equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in excess of revenue over expenditures.

Impairment

Financial assets measured at amortized cost are assessed for indications of impairment at the end of each reporting period. If impairment is identified, the amount of the write-down is recognized as an impairment loss in excess of revenue over expenditures. Previously recognized impairment losses are reversed when the extent of the impairment decreases, provided that the adjusted carrying amount is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenditures.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2 Term Deposit

The foundation has a term deposit held with Vancity Credit Union. The term deposit bears interest at 1.30% (2012: 1.45%) per annum and matures in November 2014 (2012: November 2013).

Note 3 Restricted Cash

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 CITY OF VANCOUVER HERITAGE CONSERVATION
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NOTES

For the year ended December 31, 2013

Note 4 Portfolio Investments

The foundation has portfolio investments of \$141,724 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 and to upgrade heritage buildings with energy efficient retrofits. The balance of the portfolio investments is restricted for the deferred endowment contributions and the internally restricted endowment fund.

Note 5 Bank Indebtedness

The foundation has a line of credit available through Vancouver City Savings Credit Union ("Vancity") bearing interest at Vancity prime plus 2% per annum and is secured by a general security agreement over the foundation's properties. The total financing available under the facility is \$30,000. As at December 31, 2013, no amount had been drawn on this facility.

Note 6 Payables and Accruals

Payables and accruals consist of the following:

	2013 \$	2012 \$
Trade payables	10,427	23,078
Government remittances	5,458	4,827
	<u>15,885</u>	<u>27,905</u>

Note 7 Deferred Contributions

	2013 \$	2012 \$
Balance, beginning	2,294	15,583
Recognized as revenues during the year	(794)	(14,083)
Deposits received for special projects	5,025	794
	<u>6,525</u>	<u>2,294</u>

**THE CITY OF VANCOUVER HERITAGE CONSERVATION
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NOTES

For the year ended December 31, 2013

Note 8 Deferred Endowment Contributions

	2013	2012
	\$	\$
Balance, beginning	200,500	183,000
Endowment contributions received	4,500	23,000
Recognized as revenue during the year	(64,000)	(5,500)
	<hr/>	<hr/>
Balance, ending	141,000	200,500
	<hr/>	<hr/>

Note 9 Interfund Transfers

The foundation transfers investment income, gains and losses on portfolio investments to the fund which holds the portfolio investments as described in Note 4, as well as funds earned in the portfolio investments which are used for general purposes.

The foundation also transfers funds that were previously recorded as deferred endowment contributions and became unrestricted in the year, as described in Note 1, to the internally restricted for endowment fund.

Note 10 Other Programs, Granting and Special Projects

	2013	2012
	\$	\$
Granting programs	10,378	10,723
Special projects	25,741	44,298
Other	16,533	12,888
	<hr/>	<hr/>
	52,652	67,909
	<hr/>	<hr/>

Note 11 Financial Instruments

Items that meet the definition of a financial instrument include cash, term deposit, receivables, restricted cash, portfolio investments, payables and accruals and Heather Pavillion Restoration funds. It is management's opinion that the foundation is not exposed to significant liquidity risk or credit risk arising from these financial instruments.

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NOTES

For the year ended December 31, 2013

Note 11 Financial Instruments (continued)

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. It is management's opinion that the foundation is not exposed to significant currency risk.

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. Fixed-interest and non-interest bearing financial instruments are subject to changes in fair value, while floating rate financial instruments are subject to fluctuations in cash flows. The foundation is exposed to interest rate risk on its term deposit, which bears interest at a fixed rate, and portfolio investments.

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 portfolio investments.

Note 12 Economic Dependence

During the year, grants from the City of Vancouver accounted for approximately 22% (2012: 24%) of the foundation's revenues.

Note 13 Vancouver Foundation Investments

Funds held at the Vancouver Foundation, from which the foundation is the sole recipient of the income, have a market value at December 31, 2013 of approximately \$382,000 (2012: \$344,000).

**THE CITY OF VANCOUVER HERITAGE CONSERVATION
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NOTES

For the year ended December 31, 2013

Note 14 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:

	\$
2014	15,952
2015	2,988
2016	-
2017	-
2018	-
	<hr/>
	18,940
	<hr/>

The figures above do not include common area costs which the foundation is also obligated to pay under the terms of its operating lease with its landlord. The foundation estimates that its share of the common area costs for the fiscal year ending December 31, 2014 will be \$12,573.

Vancouver Heritage Foundation Operating Budget

Revenue	2013 Actuals	2013 Budget	2014 Budget
City of Vancouver	\$ 118,000	\$ 118,000	\$ 120,000
Interest/Dividends/Investment Income	\$ 49,454	\$ 55,000	\$ 47,000
Donations and Fundraising	\$ 67,960	\$ 80,000	\$ 75,000
Fundraising Events	\$ 100	\$ 15,000	\$ 20,000
House Tours	\$ 84,228	\$ 80,000	\$ 85,000
Old School - sponsorship and fees	\$ 14,894	\$ 20,000	\$ 20,000
Other Program Revenue - walking tours/lectures	\$ 27,374	\$ 25,000	\$ 25,000
Special Project Revenue	\$ 39,670	\$ 73,100	\$ 53,000
TOTAL REVENUES	\$ 401,680	\$ 466,100	\$ 445,000

Expenses

Administrative Expenses

Dues, Fess, Licences	\$ 588	\$ 1,000	\$ 500
Interest, Bank Charges, GHS/HST	\$ 8,275	\$ 4,000	\$ 4,000
Insurance	\$ 2,067	\$ 2,300	\$ 2,100
Other expenses (supplies/equipment/utilities/computers)	\$ 14,757	\$ 10,000	\$ 11,000
Courier/ postage	\$ 283	\$ 600	\$ 400
Printing and Copying	\$ 1,406	\$ 1,500	\$ 1,000
Board of Directors	\$ 2,048	\$ 2,500	\$ 2,500
Marketing (newsletter, website)	\$ 12,286	\$ 15,500	\$ 12,000
Fundraising	\$ 9,992	\$ 20,000	\$ 17,000
Rent	\$ 34,615	\$ 34,200	\$ 29,000
Capital Expenses	\$ 772	\$ 1,000	\$ 1,500
Investment Fees	\$ 8,830	\$ 8,000	\$ 8,000

Consultant Fees and Payroll

Payroll	\$ 250,850	\$ 257,000	\$ 256,000
Audit and Book keeping	\$ 14,992	\$ 14,000	\$ 16,000

Program Expenses

House Tours	\$ 15,906	\$ 15,000	\$ 15,000
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Old School	\$ 9,894	\$ 12,000	\$ 12,000
Grant Programs	\$ 10,378	\$ 12,000	\$ 12,000
Other Programs (lectures, tours, workshops)	\$ 14,746	\$ 8,000	\$ 12,500
Special Projects	\$ 25,814	\$ 45,000	\$ 30,000
Volunteers	\$ 1,714	\$ 2,500	\$ 2,500
TOTAL EXPENDITURES	\$ 440,213	\$ 466,100	\$ 445,000
Net Income	\$ (38,533)	\$ -	\$ -

2014 WORK PLAN

In 2014 to support the conservation of the city's heritage buildings & structures in recognition of their contribution to Vancouver's economy, sustainability and culture, Vancouver Heritage Foundation will:

- I. **Create opportunities for the public to access and learn about heritage structures; and develop education opportunities to aid in the successful conservation of heritage buildings.**
 - Open heritage buildings to the public.
 - **Heritage House Tour** (June 1, 2014) - 10 houses, 1500 people, 150 volunteers.
 - **Mid-Century Modern Tour** (September 20, 2014) - 5 houses, 200 people.
 - Show opportunities for retention of existing homes.
 - **Laneway House Tour** (October 25, 2014) - examples of lane homes built behind existing older homes, 500 people, 70 volunteers.
 - **Vancouver Special Tour** (April 26, 2014) - 5 renovated houses, 500 people, 70 volunteers.
 - Continue **Evening Lectures** series on topics related to the history and heritage of the city. Six lectures annually. Spring 2014 topics include: Vancouver as a Sustainable City; Challenges & Trends: Public Engagement for Community Planning; The Arts and Crafts Movement in the Pacific Northwest.
 - Continue **Brown Bag Lunch & Learns** at BCIT Downtown campus presenting lunchtime illustrated presentations on current topics in conservation including: The HiVE; The Yale Hotel Restoration; Crofton House Restoration and Rehabilitation.
 - Continue to develop and deliver **Old School: Courses for Building Conservation**, a continuing education certificate program for building owners, related professionals and trades that brings together the theory and practice of conserving heritage buildings. 2014 spring courses include: Heritage 101 - Understanding Heritage Conservation; Interior Wood Paint Stripping; Researching the History of a Building - at the Vancouver Public Library and at the City of Vancouver Archives; Energy Retrofits for Older Buildings; Neighbourhood Zoning Walk - Strathcona; Wood Windows and Storefronts - Let's Go Look.
 - Continue to offer **Walking Tours**, beginning with three walks in Heritage Week (February 17-23) and running over twenty walks from late March to October. Topics this year include ten neighbourhood walks along the length of Broadway, and others focused on Japantown, Granville Island, and architectural history themes of Art Deco and International style.
 - Pilot a new **bus tour** in April - June: Musqueam: Witness It, Remember It, Tell It, in partnership with Musqueam First Nation.
 - Launch new **Vancouver Heritage Register interactive map** web tool.
 - Publish a new **Kitsilano historic map guide** and launch with walking tour events.
 - Refresh **online information** provision including making available for reference the VHF Reading Room catalogue.

- II. Create public awareness about heritage conservation and the activities of the Vancouver Heritage Foundation.
- Continue to partner with businesses, institutions, community groups, Parks Board and the City of Vancouver to plan **Places That Matter** plaque presentation ceremonies.
 - Mount a new exhibit on **The WALL** at the CBC Plaza. The artist for 2014 is Laiwan, with curator Joni Low and participating arts organization Centre A.
 - Continue to partner with Homes & Living Magazine, providing an article on a house for the six issues through the year.
 - Screen a new film created by Moosestash Films, with funding from Telus Optik TV, based on three **sustainability case studies** researched and written by VHF.
 - Organize the third annual meeting of the **Alliance of Heritage Groups**, bringing as many of the city's heritage groups together as possible for a discussion on the opportunities and challenges facing heritage conservation in 2014. Participating groups include: VHF, Heritage Vancouver Society, COV Heritage Commission, Gastown Historic Area Planning Committee, Chinatown Historic Area Planning Committee, First Shaughnessy Advisory Design Panel, and Canadian Association of Heritage Professionals (BC branch).
 - Publish two issues of the **VHF newsletter**, both printed and e-news distributed to over 5,000 recipients each time.
 - Continue to communicate bi-weekly to 5,000 recipients with **e-news**.
 - Continue to grow the VHF community through **social media** (Facebook and Twitter primarily), sharing news on heritage conservation and promoting VHF events.
 - Partner with local businesses, government, related organizations and professionals to:
 - Position VHF as a key heritage organization.
 - Develop VHF education programs in partnership with related organizations such as CMHC, Real Estate Foundation, BIAs and post-secondary institutions.
 - Broaden the community of heritage stakeholders by stretching the public perception of what defines heritage, away from purely buildings and monuments to community values, stories and special places.
 - Give Professional Development Credits to program participants (PIBC, AIBC, BOABC, BCSLA, AICBC and IDIBC).
 - Connect further with the Greater Vancouver Homebuilders Association Renovators Council with both Old School programs and architectural salvage sourcing.

III. Fundraise 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 2014 operating funds which is the first year of a three year operating grant (2014-2016).
 - Raise \$85,000 through House Tours from ticket sales and corporate sponsorship.
 - Raise \$95,000 through fundraising events and charitable donations.
 - Receive \$47,000 in interest and dividend income from \$1.3m in endowment investments into operating to help fund education and public awareness 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 exhibit, steward donor John Neate of JJ Bean Coffee Roasters.
 - Write grant applications for summer students / interns to work at VHF on special projects.
- **Endowment & Major Gift Fundraising**
 - Solicit planned gifts in wills from among existing donors to VHF.
- **Special Project Fundraising**
 - Continue to seek sponsorship of Places That Matter plaques to cover the ongoing 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.
 - Continue to partner with Downtown Vancouver BIA on downtown activities.
 - Pilot an architectural salvage social enterprise.

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

- Distribute \$12,000 in grants through:
 - True Colours exterior painting grants with paint donated by Benjamin Moore.
 - Restore It! for the repair and restoration 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 Heritage Register.
- Pursue a Matching Grant program for energy efficiency and seismic upgrades to heritage houses.

- V. Maintain 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 them to grow their careers in non-profit management and heritage conservation.
 - Provide at least one continuing education opportunity for each staff person.
 - Retain broad participation and high levels of engagement on VHF committees, along with relevant skill sets and expertise.
 - Maintain an efficient and sustainable marketing strategy:
 - Sponsored print materials.
 - Free, volunteer-powered material distribution.
 - Utilization of Parks Board and VPL distribution.
 - Free email marketing and use of social media.
 - Editorial coverage of VHF events and education topics in local media - newspapers, websites, blogs, radio and TV stations.
 - Seek opportunities to reduce print materials for all VHF programs through increased use of electronic communication, course materials, marketing, newsletters and publications.
 - Continue to hold an annual volunteer appreciation event and give VHF awards to worthy volunteers.
 - Offer donor and volunteer recognition opportunities through complimentary tickets to education programs, pop-up tours, and special donor receptions and tours.