

**Supports Item No. 1
CS&B Committee Agenda
April 21, 2011**



OTHER REPORT

Report Date: March 24, 2011
Contact: Diane Switzer
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RTS No.: 9131
VanRIMS No.: 08-2000-20
Meeting Date: April 21, 2011

TO: Standing Committee on City Services and Budgets
FROM: Vancouver Heritage Foundation Board
SUBJECT: Vancouver Heritage Foundation Board - Annual Report for 2010

RECOMMENDATION

THAT Council approve the 2010 Annual Report of the Vancouver Heritage Foundation attached as Appendix A; and authorize payment of \$114,000 for the first year of the three-year operating agreement. Funding is included in the 2011 Operating Budget.

PURPOSE

This report seeks Council approval of the Vancouver Heritage Foundation (VHF) 2010 Annual Report as required pursuant to its 2011-2013 operating agreement with the City. Upon approval of the annual report the VHF will receive their 2011 operating funds.

BACKGROUND

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 & Council as its Directors.

On January 1, 1998 the Mayor & 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 the VHF at an annual cost of \$100,000, subject to an annual report from the Foundation. Included in the annual report is the progress on the generation of an operating endowment fund. Council authorized the Director of Legal Services to execute an operating agreement and a contract with the Vancouver Heritage Foundation, to be drawn to the satisfaction and approval of the General Manager of Community Services and the City Manager.

On April 30, 2002, Council approved the 2001 Annual Report of the VHF; on April 22, 2003 Council approved the 2002 Annual Report of the VHF; on April 22, 2004 council approved the 2003 Annual Report and approved a new 3 year operating agreement (2005-2007), at a base annual cost of \$100,000, plus inflationary increases. On May 12, 2005 Council approved the 2004 Annual Report of the VHF, and on May 4, 2006 Council approved the 2005 Annual Report of the VHF.

On April 19, 2007 Council approved the 2006 Annual Report of the VHF and instructed staff to draft a new three-year operating agreement for the VHF from 2008-2010 at an annual cost of \$106,000 plus inflationary increases.

On April 17, 2008 Council approved the 2007 Annual Report of the VHF and authorized payment for the first year of a three-year operating agreement (2008-2010), and further authorized the continuation of the practice of the previous operating agreements to add inflationary increases for the duration of the agreement.

On April 9, 2009 Council approved the 2008 Annual Report of the VHF and authorized payment for the second year of a three-year operating agreement (2008 - 2010).

On April 22, 2010 Council approved the 2009 Annual Report of the VHF and authorized payment for the third year of a three-year operating (2008 - 2010), and instructed staff to draft a new three-year operating agreement for the VHF from 2011 - 2013 at an annual cost of \$114,000 plus inflationary increases.

DISCUSSION

The Vancouver Heritage Foundation operating agreement states that the release of operating funds is subject to the approval of an annual report to Council by VHF. This report fulfils the annual report requirement of the VHF operating agreement with the City of Vancouver.

The Vancouver Heritage Foundation (VHF) 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 & professionals; and
4. fundraising to grow an endowment fund to benefit heritage conservation activities into the future.

The 2010 Annual Report is attached as Appendix "A". Highlights are:

- The VHF is a leader in raising awareness and providing education on the nexus between heritage buildings and creating a sustainable city. Because the demolition of buildings diminishes the city's sense of place, wastes resources and adds to the landfill; the VHF in 2010:
 - Organized a province wide symposium on the Heritage & Sustainability Nexus

- Researched, wrote and published to print and web four new case studies exploring best practices in sustainable design in heritage buildings.
 - Brought Carl Elefante, who coined the phrase the 'Greenest Building is the One that is Already Built' to Vancouver for a public lecture.
- VHF exceeded revenue goals in 2010 and kept expenses under control resulting in an operating surplus which will be shared between investments and program expansion.
 - Revenues:
 - The operating budget is now more than four times the City of Vancouver operating grant.
 - In 2010 investments earned just under 6% in interest. \$28,571 of the interest was withdrawn into programs and the rest was re-invested.
 - An additional \$147,200 was deposited into endowments.
 - As of December 31, 2010 the VHF has \$1,014,275 (\$844,355 in 2009) restricted for endowment purposes with an additional \$139,840 set aside for the Save the Buildings Fund to rescue threatened heritage buildings.
 - The second Friends of the VHF Annual Campaign raised \$23,738 a 8% increase over 2009.
- The VHF expanded its program and volunteer base by:
 - Opening five laneway houses built behind existing homes to the public for one day demonstrating how to densify existing neighbourhoods with minimal change to the existing streetscapes.
 - Graduated the first 10 students from Old School: Courses for Building Conservation a certificate program teaching the theory and practice of rehabilitating older buildings. More than 500 people have participated in the program now in its third year.
 - THE WALL at CBC launched its first art exhibit, *Last Chance*, made possible by CBC, the VHF and donations from JJ Bean Coffee (8% of coffee sales from the CBC kiosk)
- Re-printed, with assistance from the COV, map guides to Carrall Street, Chinatown and Japantown. These are distributed mainly through VPL and Toursim Vancouver.
- Continued existing programs: Heritage House Tour, Pre-Tour Lecture and VIP Tour; Mid-Century Modern Tour; Vancouver Special Tour and lecture; Summer Walking Tours; Brown Bag Lunch + Learn at BCIT; Get of Town Samuel Maclure Tour to Victoria in 2010; 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 Monday - Friday, 9 a.m. - 5 p.m. Book acquisitions were funded for the past five years by a private donor.
- *Old News* and *Old E-News*, the VHF newsletter, go out to more than 7,000 Vancouver area homes.
- vancouverheritagefoundation.org had 120,000 visitors and 2.75 million hits in 2011 an increase of about 10% over 2009.

FINANCIAL IMPLICATIONS

Approval of this report will authorize the payment of \$114,000 including cost of living of 2% for 2011, as per the first year of a three-year operating agreement. Funding is included in the 2011 Operating Budget.

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 5,000 people annually through its tours, lectures and workshops. According to the audited financial statements, the VHF operating revenues in 2010 were \$477,038 up from \$417,717 in 2009. Of this, \$112,000 came from the CITY OF VANCOUVER. As required by the CITY OF VANCOUVER Operating Agreement, the VHF is growing its endowment fund and now has \$1,318,783 million invested for endowment and Save the Buildings Fund purposes, up from \$1,117,442 in 2009. The VHF continues to be consulted as a leading Canadian public programming organization supporting the conservation of heritage buildings.

2010 VHF Annual Report is attached as Appendix A

Audited Financial Statements are attached as Appendix B

2011 budget is attached as Appendix C

2011 work plan is attached as Appendix D

2010 ANNUAL REPORT

THE Vancouver Heritage Foundation (VHF)

The Vancouver Heritage Foundation was established as a charitable organization in 1992 by Mayor & 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 & 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 is working to encourage the conservation of our city's past 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 SUPPORTED HERITAGE CONSERVATION IN 2010

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 (180 attendees) and symposium (90 attendees) that brought to Vancouver Carl Elefante, Quinn Evans Architects and the originator of the phrase, 'The Greenest Building is the One That is Already Built', and Lorraine Gauthier of CMHC to speak about the NOW House, in addition to local speakers from Canada Green Building Council, City of Vancouver Sustainability Group, and various local design firms.
- Published to print and web four new local case studies exploring best practices in sustainable design in heritage buildings. The case studies highlighted four projects each with a different focus: mid-century modern institutional building; residential infill; minimal intervention secondary suite; a ten year old project that tracked energy consumption.
- Introduced a new tour to the public of laneway houses built behind existing houses as a means of demonstrating a new way to densify existing neighbourhoods while maintaining original historic streetscapes.
- 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 Victoria for a Samuel Maclure lecture and tour of 4 Maclure houses; (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) **2000 people including 150**

volunteers visited 10 houses spread throughout the city on the 8th 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 **4 walking tours** of Oakridge, Marpole and Sunset neighbourhoods, and former Italian and Jewish areas of the city; (6) Opened **5 Modernist homes** on the 7th 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.

- 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
- Worked with the more **400 VHF volunteers** to involve them in implementing VHF events, and to provide education and recognition opportunities for them.
- Continued to communicate through web, email and print with more than 7000 lower mainland households about the role of the city's older buildings in tourism, sustainability and 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 a \$3 million Endowment Fund the interest from which will support VHF programs. As of December 2010 the VHF has raised \$1,318,783 million in cash and another \$150,000 in pledges towards this goal. Discussions with the Province regarding the remaining \$650,000 of the promised \$1 million endowment contribution are continuing. In 2010 fundraising highlights were:

- The VHF leveraged the COV annual operating grant of **\$112,000 by more than four times to reach \$477,000 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 funds** yielded \$28,571 in interest which was directed to the VHF granting and education programs.
- The new fundraising event "**Hotdogs for Heritage**", a family focused summer backyard picnic with an architectural salvage sale and silent auction, and an entrance by donation, raised \$35,000. The day was a huge success and will be held again on July 11, 2010.
- The **2st Annual Friends of the VHF campaign** raised \$23,738, an 8% increase over last year.
- Grants from **Young Canada Works, Canada Summer Jobs and the Real Estate Foundation of BC** allowed the VHF to hire two summer students.

III. GRANTS TO STIMULATE BUILDING MAINTENANCE & RESTORATION

In 2010 the VHF took a hiatus from awarding grants for the first time in ten years. During the year the Foundation gathered information on other granting programs and restructured VHF grants in order to make the grants relevant to heritage homeowner needs. Changes to the grants include:

1. Listing on the Heritage Register is an eligibility requirement. Legal protection is no longer required.
2. There is one deadline for all grant programs: February 1st each year.

3. Grant applications for all programs will be considered as one group by the adjudication committee giving the committee the ability to award grants to the most worthy projects regardless of the program.
4. Selection criteria include: visibility for public awareness purposes; geographic spread; range of building styles; amount of original exterior fabric; importance of the building as a good example of certain style, connection to a person of interest, as part of a historic streetscape.

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, and to designate their homes as heritage properties. VHF grant programs have attracted 40 new designations to the COV.

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 10 years the VHF has awarded 85 grants to heritage buildings totalling \$200,000.

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

Vancouver, B.C.

FINANCIAL STATEMENTS

December 31, 2010

DRAFT - For discussion purposes only

INDEPENDENT AUDITOR'S REPORT

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

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, 2010, and the statements of revenues and expenditures, fund balances and 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. Except as explained below, 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 charitable organizations, the Foundation derives part of its revenue from donations and special events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation and special events revenues was limited to the amounts recorded by the Foundation and we were unable to determine whether any adjustments might be necessary to donations and special events revenues, excess of revenues over expenditures, assets and fund balances.

Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donation and special events revenues referred to in the preceding 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, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

CHARTERED ACCOUNTANTS

Vancouver, B.C.
March 1, 2011

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

STATEMENT OF REVENUES AND EXPENDITURES

For the year ended December 31, 2010

	2010	2009
	\$	\$
Revenue		
Grants-City of Vancouver	112,000	110,000
Donations and fundraising	111,119	102,981
Special projects	71,376	-
Heritage house tour	57,134	56,449
Old school: Courses for building conversation	45,861	50,182
Other program revenue	32,366	33,431
Interest	28,571	30,327
Other grants - received	12,161	34,347
Dividends	6,450	-
	<u>477,038</u>	<u>417,717</u>
Expenditures		
Bank charges and interest	5,013	4,818
Board of directors	3,411	2,946
Fundraising	18,625	24,258
HST - Foundation	2,333	2,211
Heritage house tour	12,094	14,321
Insurance	2,924	2,035
Marketing and communications	16,624	20,021
Office utilities, expenses and supplies	14,636	17,564
Old school: Courses for building conservation	25,455	45,745
Other programs, granting and special projects (Note 8)	104,523	87,016
Professional fees	13,189	13,420
Rent	32,054	30,739
Staff and contract workers	196,885	198,796
	<u>447,766</u>	<u>463,890</u>
Excess (deficiency) of revenues over expenditures	<u>29,272</u>	<u>(46,173)</u>

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

STATEMENT OF FUND BALANCES

For the year ended December 31, 2010

	Restricted for Endowment	Save the Buildings Fund	Unrestricted	2010 \$	2009 \$
Fund balances, beginning,	844,355	132,641	140,446	1,117,442	733,512
Interfund transfers	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	5,050	24,222	29,272	(46,173)
Endowment contributions	147,200	-	-	147,200	398,600
Losses (gains) reclassified to net earnings on realization	2,355	(117)	-	2,238	-
Adjustment for change in fair value of investments held during the year	20,365	2,266	-	22,631	31,503
Balance, ending	1,014,275	139,840	164,668	1,318,783	1,117,442

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

BALANCE SHEET

December 31, 2010

	2010	2009
	\$	\$
Assets		
Current		
Cash (Note 5)	117,725	95,010
Term deposits	104,000	104,000
Portfolio investments (Note 6 and 7)	791,716	584,205
Receivables	13,700	14,929
Art inventory	2,162	3,479
Prepaid expenses	2,585	9,113
	<u>1,031,888</u>	<u>810,736</u>
Vancouver Foundation investments (Note 7)	340,881	333,564
	<u>1,372,769</u>	<u>1,144,300</u>
Liabilities		
Current		
Payables and accruals	21,486	13,954
Deferred contributions	31,500	11,904
Heather Pavilion Restoration (Note 5)	1,000	1,000
	<u>53,986</u>	<u>26,858</u>
Fund Balances		
Save the Buildings Fund (Note 6)	139,840	132,641
Restricted for endowment purposes (Note 7)	1,014,275	844,355
Unrestricted	164,668	140,446
	<u>1,318,783</u>	<u>1,117,442</u>
	<u>1,372,769</u>	<u>1,144,300</u>

Approved by Directors:

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

STATEMENT OF CASH FLOWS

For the year ended December 31, 2010

	2010 \$	2009 \$
Cash flows related to operating activities		
Excess (deficiency) of revenues over expenditures	29,272	(46,173)
Adjustments for items not affecting cash:		
Loss reclassified to net earnings on realization	2,238	-
Adjustment for change in fair value of investments held during the year	22,631	31,503
	<u>54,141</u>	<u>(14,670)</u>
Changes in non-cash working capital:		
Receivables	1,229	9,963
Art inventory	1,317	3,551
Prepaid expenses	6,528	(1,435)
Payables and accruals	7,532	(9,082)
Deferred contributions	19,596	1,254
	<u>90,343</u>	<u>(10,419)</u>
Cash flows related to investing activities		
Purchase of portfolio investments	(252,080)	(584,205)
Proceeds on disposal of portfolio investments	44,569	-
Purchase of Vancouver Foundation investments	(7,317)	(33,741)
	<u>(214,828)</u>	<u>(617,946)</u>
Cash flows related to financing activities		
Endowment contributions	147,200	398,600
	<u>147,200</u>	<u>398,600</u>
Net increase in cash	22,715	(229,765)
Cash, beginning	199,010	428,775
	<u>221,725</u>	<u>199,010</u>
Cash, ending	221,725	199,010
Cash represented by:		
Cash	117,725	95,010
Term deposits	104,000	104,000
	<u>221,725</u>	<u>199,010</u>
Supplemental cash flow information:		
Interest received	44,446	27,796

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

NOTES

For the year ended December 31, 2010

Note 1 General

The City of Vancouver Heritage Conservation Foundation (Operating as Vancouver Heritage Foundation) was incorporated in 1992 under the Society Act of British Columbia. Its principal business activity is operating programs promoting the preservation, maintenance, and restoration of Vancouver city buildings, structures and lands with historical or architectural significance, in recognition of their public benefit. The Foundation was registered effective January 1, 1993 as a charitable organization under the *Income Tax Act* and is exempt from taxation.

Note 2 Significant Accounting Policies

Financial Assets and Financial Liabilities

The Foundation accounts for its financial instruments in accordance with Section 3855 of the 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. It also specifies how financial instrument gains and losses are to be recognized depending on their classification. Depending on the financial instruments' classification, changes in subsequent measurements are recognized in net income or directly in members' equity. 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 quotation in an active market. Changes in fair value of these investments are reflected as unrealized appreciation (depreciation) in value of investments 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 Section 3861, Financial Instruments Disclosure and Presentation rather than apply Sections 3862, Financial Instruments Disclosure, and Section 3863, Financial Instruments Presentation, as allowed by Canadian generally accepted accounting standards for not-for-profit organizations.

Portfolio Investments

Portfolio investments consist of publicly traded stocks and bonds.

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

NOTES

For the year ended December 31, 2010

Note 2 Significant Accounting Policies (continued)

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as receipts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets 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 deferred and included in payables and accruals.

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.

Note 3 Financial Instruments

Items that meet the definition of a financial instrument include cash, term deposits, portfolio investments, receivables, Vancouver Foundation investments and payables and accruals. Unless otherwise stated, the fair values of these items approximates their carrying value. It is management's opinion that the Foundation is not exposed to significant currency risk or credit risk arising from these financial statements.

Interest rate risk

The Foundation is exposed to interest rate risk arising from the fluctuations in interest rates on its portfolio investments.

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

NOTES

For the year ended December 31, 2010

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 accumulated general fund balances. The Foundation has customary external restrictions on many of its general fund balances as disclosed in Notes 5, 6 and 7, and is in compliance with these restrictions. The Foundation's capital structure as at December 31, 2010 and 2009 was as follows:

	2010 \$	2009 \$
Save the Buildings Fund	139,840	132,641
Restricted for endowment	1,014,275	844,355
Unrestricted	164,668	140,446
	<u>1,318,783</u>	<u>1,117,442</u>

	Save The Buildings Fund \$	Restricted For Endowment \$
Invested as follows:		
Cash	7,015	11,247
Receivables	-	3,256
Portfolio investments	132,825	658,891
Vancouver Foundation investments	-	340,881
	<u>139,840</u>	<u>1,014,275</u>

Note 5 Restrictions on 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 Foundation has also restricted \$7,015 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 \$11,247 of the cash balance is restricted for the Vancouver Heritage Conservation Endowment Fund.

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

NOTES

For the year ended December 31, 2010

Note 6 Restrictions on Portfolio Investments

The Foundation has portfolio investments of \$132,825 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 \$658,891 of the portfolio investments balance is restricted on behalf of the Vancouver Heritage Conservation Endowment Fund.

Note 7 Restriction on Vancouver Foundation Investments

In 1997, the Foundation established the Vancouver Heritage Conservation Endowment Fund. The board of directors have internally restricted \$1,014,275 for the fund. Of this, \$340,881 (2009: \$333,564) is held by the Vancouver Foundation, \$658,891 is held in portfolio investments, \$3,256 is accrued interest and \$11,247 is held in cash. These funds are held permanently in trust and the interest earned on the funds is recorded annually in the books of the Foundation.

During the year, the Foundation recognized an unrealized gain of \$7,317 (2009: gain of \$33,741) in the fund balances due to a change in the market value of the Foundation's funds held by Vancouver Foundation and an unrealized gain of \$13,048 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.

Note 8 Other Programs, Granting and Special Projects

	2010	2009
	\$	\$
Granting programs	15,971	43,248
Special projects	73,459	31,899
Other	15,093	11,869
	104,523	87,016

Note 9 Commitments

The Foundation is committed to a lease of its premises which expires on February 28, 2012 and a lease of a photocopier which expires on May 1, 2012. The obligations under these leases are:

	\$
2011	31,824
2012	5,699
	37,523

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

NOTES

For the year ended December 31, 2010

Note 10 Comparative Figures

Certain 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2010.

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2011 BUDGET – REPORT TO COUNCIL

2011 Budget - Report to Council		VANCOUVER HERITAGE FOUNDATION OPERATING BUDGET					APPENDIX C				
	2005 Actuals	2006 Actuals	2007 Actuals	2008 Actuals	2009 Actuals	2010 Budget	2010 Actuals	2011 budget			
Revenue											
City of Vancouver	\$102,000	\$104,000	\$106,000	\$108,000	\$110,000	\$112,000	\$112,000	\$114,000			
Interest + Dividends	\$15,751	\$19,869	\$31,000	\$32,399	\$28,000	\$34,000	\$35,000	\$40,000			
Program Revenue	\$11,580	\$28,113	\$19,000	\$17,200	\$33,500	\$35,000	\$32,366	\$37,000			
Charitable Donations- (non endowment)	\$30,000	\$6,000	\$24,000	\$27,000	\$60,500	\$50,000	\$65,000	\$70,000			
Endeavour Gala Auction	\$29,000	\$51,000	\$55,000	\$24,000	\$-	\$-	\$-	\$-			
VHF Fundraising Events					\$35,000	\$45,000	\$45,864	\$49,100			
Heritage House Tour	\$62,800	\$61,348	\$68,000	\$66,000	\$55,400	\$60,000	\$57,134	\$60,000			
Special Project Revenue	\$3,746	\$12,160	\$6,000	\$16,000	\$34,300	\$30,000	\$83,537	\$50,000			
Old School - sponsorship & fees				\$56,000	\$47,500	\$33,000	\$45,861	\$46,000			
TOTAL INCOME	\$254,878	\$282,490	\$309,000	\$346,599	\$404,200	\$399,000	\$476,762	\$466,100			
Expenses											
GST Expense VHF portion	\$3,161	\$-	\$-	\$-	\$-	\$-	\$-	\$-			
Dues, Fees, Licenses	\$224	\$717	\$650	\$1,000	\$1,000	\$500	\$565	\$600			
Interest, Bank Charges / HST	\$2,314	\$3,260	\$5,000	\$4,500	\$5,000	\$5,000	\$7,400	\$7,500			
Insurance	\$1,554	\$1,592	\$1,500	\$1,500	\$2,000	\$2,500	\$2,924	\$3,000			
Office expenses (includes supplies / equip)	\$16,738	\$9,827	\$5,500	\$12,400	\$10,600	\$10,000	\$11,531	\$10,000			
Courier, Postage	\$1,538	\$2,290	\$2,000	\$1,500	\$2,000	\$1,500	\$2,000	\$500			
Printing & Copying	\$1,644	\$670	\$1,800	\$1,600	\$2,800	\$2,500	\$2,000	\$2,000			
Board of Directors	\$1,736	\$922	\$1,800	\$2,000	\$5,300	\$2,500	\$3,411	\$3,000			
Marketing (newsletter, website,	\$19,118	\$21,577	\$21,500	\$25,000	\$21,600	\$20,000	\$16,624	\$20,000			
Fundraising	\$8,553	\$23,283	\$12,600	\$17,300	\$20,700	\$21,000	\$18,625	\$20,000			
Rent		\$15,500	\$20,000	\$27,500	\$24,700	\$30,000	\$32,054	\$34,000			
Capital Expenses		\$9,100	\$3,000	\$7,400	\$-	\$500	\$-	\$500			
Consultant Fees & Payroll											
Payroll	\$96,700	\$106,600	\$148,000	\$189,000	\$199,500	\$200,000	\$200,885	\$231,000			
Book keeping & Audit	\$3,223	\$4,128	\$4,600	\$5,700	\$10,500	\$10,000	\$9,189	\$12,000			
Program Expense											
Grant Programs (TC / Restore It)	\$9,446	\$20,211	\$14,000	\$25,000	\$45,200	\$14,000	\$15,971	\$25,000			
Open Vancouver House Tour	\$12,558	\$10,866	\$17,500	\$17,000	\$14,300	\$14,500	\$12,094	\$12,000			
Other programs (lectures, tours, worksho	\$1,598	\$5,500	\$10,000	\$8,600	\$11,100	\$9,500	\$15,053	\$10,000			
Special Projects	\$29,051	\$8,955	\$13,500	\$18,000	\$35,100	\$25,000	\$73,459	\$50,000			
Old School				\$26,000	\$45,700	\$30,000	\$25,455	\$25,000			
TOTAL EXPENSE	\$206,147	\$244,998	\$282,950	\$391,000	\$457,100	\$399,000	\$447,802	\$466,100			



2011 WORK PLAN

In 2011 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.

- Develop and implement 125 project 'Places That Matter' to engage the public with the Foundation and with the history of the city.
- Build the web component, complete writing and publish 'Your Old House: An Interactive Encyclopaedia of Traditional House Styles and Their Component Parts'. The tool includes building styles and building components, all hand drawn and accompanied with clear written text. The tool will create a common language and information base between heritage homeowners and professionals.
- Open heritage buildings to the public.
 - Heritage House Tour (June 5, 2011) - 10 houses, 2000 people, 150 volunteers
 - Modernist Residential Tour - 5 houses open on bus tour October 1, 2011
 - Vancouver Special Tour of 5 homes, with 600 visitors and 70 volunteers; plus a public lecture - September 24, 2011
 - Laneway House Tour - October 1, 2011
 - Get Out of Town to the Fraser Valley - October 16th
 - 1 - 3 special tours of unique heritage spaces or sites associated with topical issues
- 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. Achieve a sustainable business model for the program.
 - Run 2 one-day Core Courses - Heritage 101: Understanding Heritage Conservation in the spring and Fall.
 - Run 4 - 6 electives
- Hold an architectural salvage sale which includes on site repair and restoration demonstrations and a related Old School course with the goal to promote the recycling of building materials by the general public.
- Offer 5 walking tours during July & August connected to Vancouver 125
- Work with West Hastings Heritage District to research, write and publish a map guide of historic buildings in the area.

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

- Where possible use VHF programs to commemorate 125 years since the incorporation of Vancouver.

- Plan and implement Places That Matter, a 125th Anniversary program marking 125 people, places and events that have shaped Vancouver.
- Facilitate and manage discussions with Heritage Vancouver Society in order to lessen confusion and create one 'address' for access to heritage buildings activities and information.
- Publish 2 issues of Old News printed and e-news newsletter distributed to 7000 homes. (3,000 electronically / 4,000 in print).
- Improve and increase use 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 buildings from the mid- 20th century up to 1975.
 - Give continuing professional education credits to program participants.(PIBC, AIBC, BOABC, BCSLA, AICBC)
- Publish annual calendar for 2011 - PastTimes Then & Now for Vancouver 125th Birthday.
- Work with Kevin Louis Design to rebrand the VHF and update all its communications to create an organization attractive to all ages and cultural groups.
- Change out THE WALL at CBC at twice during the year if funding permits.
- Work with VHF Trades & Professionals list participants to develop their knowledge about the restoration of heritage buildings by encouraging them to attend Old School's Heritage 101.
- Work with Benjamin Moore Paints Western Canada to develop a Mid-Century Modern paint palette based on the work of local architects such as BC Binning, Arthur Erickson, Ned Pratt, Barry Downs and Ron Thom.

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

- **Annual Operating Fundraising**
 - Negotiate a new 3- year Operating Agreement with COV that was approved April 2010.
 - Submit Annual Report to the COV in April to facilitate the release of the 2011 operating funds which is the first year of a three year operating grant (2011 - 2013).
 - Raise \$60,000 through the Open Vancouver Heritage House Tour from ticket sales and corporate sponsorship
 - Raise \$50,000 through FR events
 - Raise \$70,000 through non-endowment charitable donations such as the Annual Friends of the VHF campaign and other unrestricted gifts.
 - Write grant applications and raise corporate sponsorships for special projects, VHF events and programs.
 - Transfer a 10% of new Endowment donations into operating as per decision made in 2009.
 - Receive 8% of the revenue from the JJ Bean coffee kiosk at CBC to fund THE WALL exhibits. Steward donor John Neate of JJ Bean Coffee.
 - Write grant applications for summer students / interns to work at VHF
 - Raise funds through philanthropy or grants to fund a Business Plan and a Communications Plan.

- **Endowment & Major Gift Fundraising**
 - Continue to work to secure the remaining \$650,000 pledged to the VHF from the Province of BC
 - Work with the Fund Development Committee of the Board, the new Fund Development Officer and the Board to identify donor prospects
 - Seek private and public Foundation sources of endowment funding.
 - Update donor wall at CBC Plaza with 2010 - 2011 donors.
 - Search for funding to install a permanent Donor Wall to recognize major VHF donors.

- **Special Project Fundraising**
 - Raise remaining Places That Matter project funding. \$30,000 received from COV for 125 Heritage Plaque Program will fund 50% of the project.
 - Continue to work with and encourage Benjamin Moore's continuation as the sponsor of True Colours and encourage them to partner on the development of a Mid-Century Modern palette.
 - Raise \$5,000 to complete the website for 'Your Old House: Interactive Encyclopaedia of Traditional House Styles and their Component Parts'
 - Continue to search for funding to complete the photography for a 4th edition of Exploring Vancouver.
 - Continue to explore funding from Canada Council grants for the Promotion of Architecture for an exhibit, or writing and publishing a VHF book on a topic related to VHF programs such as True Colours or Vancouver Specials.

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

- Distribute \$25,000 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.

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.

- Complete performance reviews for staff
- Implement a benefit package (extended health and dental) for all employees
- Welcome Global Lifestyles travel / work volunteer into office for 3 month placement
- 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
- Apply to have 2 students in office for summer on grants from REF Bursary + YCW + HRDC.

- Continue to recognize volunteers through bronze / silver / gold level volunteer recognition pins.
- Offer donor and volunteer recognition / appreciation opportunities. (Vol. reception for tour volunteers, Heritage House Tour VIP tour, complimentary tickets to attend walking tour or workshop, and special donor receptions)
- Improve donor and sponsor recognition on all communications and on website.
- Provide at least one continuing education opportunity for staff.
- Implement (1) purchase 'green' policy; and a (2) reduce energy consumption in the office policy through small measures such as turning off all machines at night, turning down the heat, using the stairs when possible.
- Significant reduction in print and paper production in all VHF programs through increased use of electronic communication, course materials, marketing and newsletters.