

Stephen Mullock
2009 Chair

Governor Report

Year-end provides a natural vantage point for surveying the past and contemplating the future.

At the Real Estate Foundation of BC, 2008 stands out as a year of remembrance and one of change. The year itself was an opportunity to acknowledge an important anniversary and the Real Estate Foundation's accomplishments during 20 years of grant making. Since 1988 successive Foundation Boards approved over \$54 million in grants for real estate and land use related research, education, law reform, non-profit housing, and other good works. Over 100 BC communities have benefited directly from these grants.

We paused to marvel at the foresight of our founding members, the provincial government, and the BC real estate industry in establishing the Foundation, and to recognize its growth as a philanthropic organization. In the midst of our 20-year celebrations, we were saddened to hear that Foundation pioneer, Dermot Murphy, and former Governor, Robert Mikitka, had passed on. However, for the most part, life in early 2008 was good and we sustained a vision of prosperity as we continued our work.

During the buoyant markets at the beginning of 2008, the Board of Governors once again reinforced contingencies to enable us to continue making grants in the event of a downturn in the economy. This measure followed the practice, prudence, and foresight of previous Foundation Governors. Little did the current Board know that such reserves would soon be called upon.



Governor Report continued...

In June financial markets were hitting all time highs and by December the word recession was on people's lips. Our staff was changing as well. Tim Pringle, long time Foundation Executive Director, moved to the position of Director of Special Programs and Karin Kirkpatrick took the reins of the organization. Karin brings a skill set that is well matched to managing in these uncertain times and we are pleased to have her on board.

Like so many organizations and individuals, the Real Estate Foundation's stock-based wealth was badly battered in 2008 and the Foundation took a loss for the first time since its inception. Trust account income streams also began to dry up as real estate sales plummeted. We are working through some of the ramifications of dwindling income, but there is still much to do, and important decisions to make—particularly in light of an uncertain financial future. Thankfully, the Foundation has an excellent staff and intelligent advisors to help guide us.

Looking ahead, the Real Estate Foundation will continue making grants, albeit at levels far lower than during the heady days of 2007 when \$6.4 million in grants was approved, and even 2008 where \$6.1 million found projects of merit. In 2009 we expect to award less than \$3 million in grants.

The present vantage point affords us a very different view than we enjoyed just a short year ago. Many things have changed, but our determination and commitment remain. In 2009 we will continue to strive to accomplish the mandate, mission and ambitions of this foundation.



Stephen Mullock
2009 Chair

COVER PHOTOS

Left: City Program Urban Design class at Vancouver's False Creek Flats (Gordon Price).

Right: A volunteer construction crew works on a Habitat for Humanity house in Campbell River (Habitat for Humanity Vancouver Island North).



Governors (L-R), Barry Brown-John, Jack Hall, Cheryl Kathler, Eileen Smith, and Stephen Mullock.

BOARD MEMBERS IN 2008

(appointing body in parentheses)

J.T. (Jack) Hall, Chair
(Minister of Finance)

Stephen Mullock, Vice-Chair
(Real Estate Institute of BC)

Barry Brown-John
(BC Real Estate Association)

Cheryl Kathler
(Minister of Finance)

Charles Northrup - to March 31
(Real Estate Council of BC)

Eileen Smith - from April 1
(Real Estate Council of BC)

IN MEMORIAM



Robert Mikitka served as a Real Estate Foundation Governor from 1992-1997. He was appointed by the Real Estate Institute of BC. As Chair, Bob strongly supported the development of professional education curriculum in the real estate field.



Dermot Murphy served as a Foundation Governor from 1998-2001. He was a Real Estate Council of BC appointee. Dermot was highly regarded for his commitment to advance business practices and ethics in the real estate industry.



Karin Kirkpatrick
Executive Director

Executive Director's Report

When I joined the Real Estate Foundation in November of 2008, I was, understandably, concerned about stepping into some pretty big shoes left by Tim Pringle, the Foundation's Executive Director for the last 20 years. However, with Tim's gracious support, the transition has gone smoothly.

For Tim, this transition has moved him out of the office and into a more hands-on role with some of our stakeholders, particularly those involved in the Communities in Transition program. The value of Tim's expertise to the organizations we work with is immeasurable. The role that Tim has played, and continues to play, in the community has led the Foundation to make a strategic decision to expand its role. Moving forward, an expanded outreach program and a commitment to sharing our learning will complement the Real Estate Foundation's grants program. Based on our experience, we anticipate that sharing our research and educational resources and the institutional knowledge of our staff will provide value to the not-for-profit community.

The Foundation is a key resource for many non-profits seeking support for their land use-related projects. The Real Estate Foundation's mandate is broad and, in 2008, we supported projects ranging from sensitive ecosystem mapping, to a youth addiction recovery centre, to the development of a green guide for strata corporations and condo owners.

The Foundation's support of sustainable land use research, education, and practice is illustrated by the activities of the Comox Valley Conservation Strategy Community Partnership, a Comox Valley Land Trust-initiated undertaking. The project is using Foundation funds to educate and collaborate with the four Comox Valley local governments to implement a regional conservation strategy which aims to balance human settlement with the protection of important ecological assets. The three-year grant will help partners with a watershed gap analysis in which they will compare existing bylaws with regulations that are required to fulfill the terms of the regional conservation strategy. Partners are also establishing a mapping centre. The centre is intended to be a resource providing detailed data on areas for protection. It will allow land use policy and property development in the Comox Valley to be informed by comprehensive, up-to-date information on sensitive ecosystems.

In the non-profit housing area, the Central City Foundation received a Real Estate Foundation grant

for a significant re-development project, The Crossing at Keremeos. This will be the first long-term residential treatment facility in BC for youth challenged by addiction, providing 42 beds in a rural Similkameen Valley setting.

One Earth Initiative recently published the *Eco-Strata Guide: a green guide for multi-family dwellings in Metro Vancouver*. The goal of this project is to help existing townhouses and apartment condominiums reduce their ecological footprints. The guide has received very positive feedback. At least one local municipality has taken the initiative to distribute the guide to strata corporations in its jurisdiction.

You can't read any annual report from 2008 without mention of the impact of volatile stock markets and plunging interest rates. The primary source of income for the Real Estate Foundation is the interest generated on public monies held in trust in real estate brokerage trust accounts. In exchange for the Foundation's receipt of this income, we voluntarily pay related trust account banking fees for BC's real estate brokers.

The Foundation's reduced income is, ironically, impacted less by the volume of real estate sales and more by the prime lending rate. As 2008 progressed, the reduction in prime lending rates meant many financial institutions were paying the Real Estate Foundation no income, and those that were still paying interest were paying it at a minimal rate and on a



Ashnola Lodge at The Crossing Keremeos.

CENTRAL CITY FOUNDATION

significantly reduced pool of funds.

As you will see in the audited financial statements, the impact to the Foundation's revenue line was significant. An additional accounting requirement necessitated adjustment of our investments to market value. This meant an additional, significant paper loss.

In past years, Real Estate Foundation Governors were careful to plan for the Foundation's future and created a grant stabilization fund. The grant stabilization fund is money ear-marked by the Governors as, in essence, a "rainy day fund." Recognizing that the real estate market has up and down trends, like any industry, the Governors were careful to set aside a portion of income of the high earning years in a fund to supplement revenue in lean times.

The result is that the Foundation is in a good position to continue its granting program into the near future, notwithstanding the significant reduction in income. However, the long term ability of the Foundation to continue its granting can only be guaranteed by prudent management in these uncertain times. Among other things, this means fewer grants and lower grant amounts for the coming year.

Notwithstanding the financial hiccups of 2008, the Foundation is entering this next year with great anticipation of the good work it will have the opportunity to support and be involved in; reduced granting is not an indication of reduced commitment by Foundation staff and Governors to BC's not-for-profit organizations and the issues facing our communities. We continue to be inspired by the work of BC's non-profits in the areas of sustainable and responsible land use and will look



ONE EARTH INITIATIVE

to expand the ways in which we can help organizations deliver their projects successfully.

The Real Estate Foundation is in a privileged position in that we receive information on many initiatives—from initial ideas to fully conceived projects—during the course of the grants process. Having access to information gives us opportunities to connect people with reports, websites, and organizations, which helps them decide how to proceed—either moving forward with their project idea or reconsidering their direction. If the information we provide can save an organization from "reinventing the wheel,"

they can redirect their resources to more productive endeavours.

2009 and 2010 will be a time of positive change for the Foundation. Building on the financial lessons of the past year, we are working hard to ensure that the programs and services the Foundation provides will have strong and beneficial impact in the province of British Columbia.

At this time, we have a renewed commitment to collaborate with organizations in the real estate and land use sector to better deliver our resources, and to support initiatives which will act as models for the responsible use and conservation of land across BC and beyond.

Karin Kirkpatrick
Executive Director



CENTRAL CITY FOUNDATION

The Real Estate Foundation presents a cheque for \$400,000 to the Central City Foundation for The Crossing at Keremeos. (L to R) former Executive Director Tim Pringle, Chair Jack Hall, Central City President & CEO Jennifer Johnstone, Chairman John Swift, and Directors Gary Ley and Peter Spencer.



THE LAND CONSERVANCY OF BC

Foundation Governor Eileen Smith (middle) presents a \$25,000 cheque to Tamsin Baker and John Keller of The Land Conservancy of BC in support of TLC's research on farm models in BC.

Grants in 2008

The Real Estate Foundation Board of Governors approved 91 grants during 2008, totalling \$6,115,751. Grants were awarded according to the Foundation's purposes of real estate-related research, public and professional education, law reform, and other projects intended for the public or professional good in relation to real estate activities. Grants are listed from smallest to largest dollar amount under each purpose area and descriptive sub-category.



Communities in Transition (CIT) grants are printed in blue. The Board of Governors approved 10 grants under the CIT program, totalling \$811,000.

RESEARCH

INVENTORY & MAPPING

\$15,767 - **Christina Lake Stewardship Society** for inventory and mapping of the Christina Lake shoreline.

\$20,000 - **Bamfield Marine Sciences Centre** for inventory and mapping of shoreline habitat and delivery of educational materials to public and local government audiences to support responsible stewardship of foreshore and nearshore areas.

\$20,600 - **Regional District of North Okanagan** for Sensitive Habitat Inventory and Mapping (SHIM) of streams in rural Vernon.

\$50,000 - **BC Ground Water Association** to update digital well records for access through the online BC Water Resources Atlas.

HOUSING-RELATED STUDIES

\$7,500 - **City of Chilliwack** to assess the condition of seniors' homes in Chilliwack, as part of a larger study on seniors' quality of life.

\$7,500 - **City of Terrace** to conduct housing needs assessment research.

\$8,600 - **Gabriola Island Local Trust Committee** to conduct an affordable housing needs assessment for the island.

\$10,000 - **Kamloops & District Real Estate Association** for home buyers research.

\$10,000 - **Kindale Developmental Association** for a feasibility study regarding non-profit housing and program space that would house complementary social service organizations in the North Okanagan.

\$20,000 - **City of Kimberley** to conduct housing needs assessment research.

\$24,505 - **University of Waterloo** for the BC component of the research project, "Building Toward Water Efficiency: Policy Innovation and Education in New and Existing Homes."

\$36,500 - **Real Estate Board of Greater Vancouver** for home buyers and sellers research for the Lower Mainland (including Greater Vancouver and Fraser Valley Real Estate Board areas).

IMPACT OF RESORT & RECREATION LAND USE

\$25,000 - **Oliver and District Community Economic Development Society** to undertake an analysis of Crown lands in relation to the Province's establishment of an Agricultural Resort Area in Greater Oliver.

OTHER STUDIES

\$5,000 - **Land Trust Alliance of BC** for research on measuring carbon values as offsets/credits for climate mitigation on lands owned or covenanted by land trusts.

\$9,500 - **First United Church** to conduct an environmental assessment of a Vancouver property that is to be developed as non-profit housing.

\$10,000 - **Municipality of North Cowichan** to undertake a community character assessment study.

\$20,000 - **Fraser Basin Council** to research public amenity benefits and ecological services provided by farmland in Metro Vancouver.

\$20,000 - **Regional District of Okanagan-Similkameen** for research that will enhance the scope and depth of the "Baseline State of the Region Report."

\$24,000 - **Similkameen Valley Planning Society** to conduct multiple futures scenario analysis as part of a strategic planning exercise for the Valley.

\$25,000 - **The Land Conservancy of BC** to research strategies that individuals and local governments could implement to secure agricultural land for long-term sustainable food production.

PUBLIC EDUCATION

ENVIRONMENTAL CONSERVATION

\$2,500 - **Powell River Sunshine Coast Real Estate Board** to create an educational brochure on preserving local sources of drinking water.

\$6,575 - **Comox Valley Project Watershed Society** in support of the Courtenay River Estuary Symposium, held in 2008.

SUSTAINABLE COMMUNITIES

\$5,000 - **Fresh Outlook Foundation** in support of the 2009 SustainAble Communities conference, held in Kelowna.

\$6,400 - **Comox Valley Land Trust** for the Building Green, Living Green conference and tradeshow, held in Courtenay in 2008.

\$8,000 - **Smart Growth BC** for the educational objectives of the 2008 conference, Making Smart Growth Happen: From Policy to Practice, held in Vancouver.

\$10,000 - **Earthwise Society** to develop workshops on sustainable, small scale food production, to be delivered at the Earthwise Garden in Delta.

\$12,500 - **One Earth Initiative** to produce and distribute a guide for reducing the ecological footprint of existing multi-family dwellings in Metro Vancouver.

\$25,000 - **The Natural Step Canada** to create a sustainability toolkit for British Columbian households.

\$26,500 - **Green Bricks Education** to support the second year of green building education programming for grade 10-12 students.

\$50,000 - **Real Estate Foundation of BC** to sponsor the Gaining Ground III conference, held in Victoria.

REAL ESTATE INFORMATION

\$1,044 - **Planned Lifetime Advocacy Network** in support of a forum on homeownership options for people with disabilities.

\$5,000 - **Hornby Island Community Economic Enhancement Corporation** for a workshop on community land trusts and cooperatives.

\$10,000 - **Community Arts Council of Vancouver** for a housing and land use workshop as part of the Downtown Eastside Community Land Use Planning Project.

\$10,000 - **Tenant Resource & Advisory Centre Society** for printing and outreach associated with TRAC's multilingual "Landlord Guide."

\$30,000 - **Vancouver Heritage Foundation** to develop curriculum for Old School: Courses for Heritage Building Conservation.

\$50,000 - **Smart Growth BC** to develop and deliver educational products and tools to help local governments and others support the construction of more affordable housing.

PROFESSIONAL EDUCATION

REALTOR PROFESSIONALISM

\$5,800 - **South Okanagan Real Estate Board** in support of the 2008 CPE (continuing professional education) program.

\$11,500 - **Okanagan Mainline Real Estate Board** for the 2008 CPE program.

\$12,630 - **BC Northern Real Estate Board** for the 2008 CPE program.

REAL ESTATE & LAND USE PRACTITIONER EDUCATION

\$2,000 - **BC Society of Landscape Architects** to assist with keynote speaker costs associated with the LANscapes: Celebrating Collaborative Networks in Space Design conference, held in Vancouver in 2008.

\$5,000 - **Garry Oak Ecosystems Recovery Team** for workshops to assist local governments and First Nations with the protection of Garry oak and associated ecosystems.

LAND USE PLANNING

\$50,000 - **BC Water and Waste Association** for the 2009 activities of Convening for Action on Vancouver Island (CAVI), an initiative focused on leadership in green infrastructure and water sustainability.

\$100,000 - **West Coast Environmental Law** for research, education, and law and policy reform activities of the Liveable and Sustainable Communities initiative.

\$150,000 - **Grasslands Conservation Council of BC** to support the Planning for Change initiative from 2008-2010.

LAW REFORM

\$50,000 - **BC Law Institute** to research existing real property law in British Columbia and propose recommendations for legislative reform.

OTHER REAL ESTATE RELATED PROJECTS

NON-PROFIT HOUSING

\$15,000 - **Habitat for Humanity Mid-Vancouver Island** to assist with construction of a single family home in Ladysmith.

\$30,000 - **Chilliwack Supportive Housing Society** to assist with the purchase of an apartment to be used as rental housing for the Society's clients.

\$37,500 - **Habitat for Humanity Sunshine Coast** to build a duplex in Wilson Creek.

\$40,000 - **John Howard Society of North Island** for renovation of a building in Campbell River that will provide six units of supportive housing for youth.

\$45,000 - **Habitat for Humanity Kelowna** to build an eight unit housing complex.

\$50,000 - **Cridge Centre for the Family** to create eight units of supportive housing for women in Victoria.

\$50,000 - **Greater Victoria Housing Society** to purchase a building that will provide 19 units of rental housing.

\$50,000 - **District of Ucluelet** to build four units of affordable housing.

\$50,000 - **Habitat for Humanity Society of Greater Vancouver** to assist with the construction of five townhouse units as part of phase five of the Society's Burnaby project.

\$60,800 - **Habitat for Humanity Vancouver Island North** for construction of a duplex in Campbell River.

\$100,000 - **BC Life Builders Rehabilitation Society** to purchase a property in Kelowna which provides ten beds of supportive housing.

\$100,000 - **Fernwood Neighborhood Resource Group** to assist with the construction costs of the Yukon Street Affordable Housing Project, six units of housing for families in Victoria.

\$125,000 - **Canadian Mental Health Association for the Kootenays** to assist with construction of 18 units of second stage transition housing for women and children in Cranbrook.

\$150,000 - **Nechako View Senior Citizens Home Society** to build eight units of housing for seniors in Vanderhoof.

\$150,000 - **Pacifica Housing Advisory Association** for Clover Place, an 18 unit housing complex for individuals who are homeless or at risk of homelessness in Victoria.

\$150,000 - **Sunshine Coast Community Services Society** to build six units of supportive housing for the Society's clients in Sechelt.

\$175,000 - **Canadian Mental Health Association for the Kootenays** to build 30 units of housing for aging clients of the CMHA in Nelson.

\$230,000 - **Delta Hospice Society** to assist with construction of a ten-bed hospice residence.

\$250,000 - **Canadian Mental Health Association, Mid Island Branch** to renovate a Nanaimo building that will provide 20 units of housing for hard-to-house adults.

\$250,000 - **Fraserside Community Services Society** to create 37 units of housing in New Westminster.

\$250,000 - **Prince George Hospice Society** to expand the free-standing hospice facility from five to ten beds.

\$250,000 - **YWCA Vancouver** to assist with construction of Como Lake Gardens, 30 units of housing for single mothers and their children in Coquitlam.

\$300,000 - **Marguerite Dixon Transition Society** to construct nine units of second stage housing for women and their children in Burnaby.

\$400,000 - **Central City Foundation** to develop The Crossing at Keremeos, a long-term residential care facility for youth challenged by addiction.

COMMUNITY-BASED GOOD WORKS & LAND USE PLANNING

\$8,700 - **Cariboo Regional District** for mapping and public education related to the sustainable use and conservation of land around Quesnel Lake and Horsefly Lake.

\$9,400 - **Vancouver Island University** to assist with a community sustainability mapping project and lecture series for the Powell River area.

\$10,000 - **Columbia Valley Community Action for Responsible Development** to assist with three-dimensional landscape visualization activities as part of scenario planning in the region.

\$20,000 - **Fraser Valley Regional District** to assist with the creation of a Local Area Plan for the community of Deroche.

\$21,000 - **Committee for a Strong and Sustainable Salmon Arm** to assist with a real estate market analysis of the city's downtown and a charrette associated with CASSSA's smart growth initiative.

\$22,000 - **District of Barriere** in support of a community park development master plan.

\$27,500 - **Columbia River Greenways Alliance** to assist with planning of the Invermere to Radium greenway.

\$40,000 - **Collaborative for Advanced Landscape Planning, University of BC** for development of three-dimensional landscape scenarios for projected climate change impacts in Kimberley, as part of the Columbia Basin Climate Change Visioning project.

\$65,000 - **Smart Growth BC** for research, education, and stakeholder consultation associated with Smart Growth on the Ground in Prince George.

\$90,000 - **Real Estate Institute of BC** for real estate economic analysis and stakeholder convening activities of Smart Growth on the Ground in Prince George.

\$100,000 - **Island Corridor Foundation** to assist with the development of a comprehensive corridor plan for Vancouver Island and associated regional workshops.

\$375,000 - **Fraser Basin Council** to fund regional facilitators under the Smart Planning for Communities program from 2008-2010.

CAPACITY BUILDING FOR KEY ORGANIZATIONS

\$50,000 - **Land Trust Alliance of BC** to support research and public and professional education objectives of the Alliance in 2008-2009.

\$80,000 - **Light House Sustainable Building Centre** in support of education initiatives in 2009 and 2010.

\$95,000 - **Allan Brooks Nature Centre Society** to support the research and education objectives of the Okanagan Collaborative Conservation Program from 2008-2010.

\$140,000 - **Comox Valley Land Trust** on behalf of the Comox Valley Conservation Strategy Partnership for implementation of region-wide conservation planning over three years.

\$150,000 - **The Nature Trust of BC** to support the program coordination, research, education, and land use planning functions of the South Okanagan-Similkameen Conservation Program from 2008-2011.

\$240,000 - **BC Real Estate Association** for research, public and professional education, and law and policy initiatives during 2009 and 2010.

POST-SECONDARY ENDOWMENT FUNDS

\$16,430 - **School of Community and Regional Planning, University of BC** to supplement the "SCARP Real Estate Endowment Fund" grant approved in 2006.

SPECIAL PROJECTS

\$7,500 - **Real Estate Board of Greater Vancouver** to archive the Board's historical records and make them available as a resource for the community.

\$100,000 - **Real Estate Foundation of BC** for grants to be awarded under the Real Estate Foundation of BC/Vancity Green Building Grant Program in 2008.

\$125,000 - **Real Estate Foundation of BC** to operate the Communities in Transition program in 2008 and 2009.

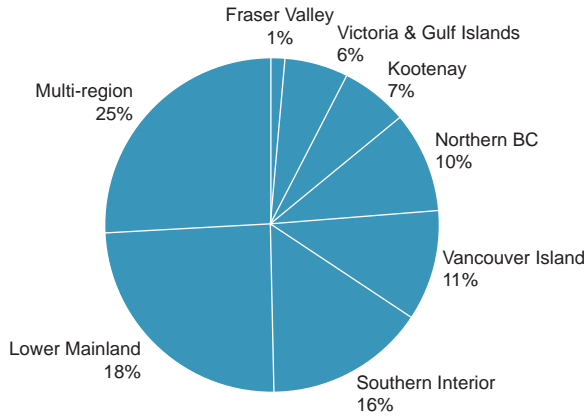
Over the past 20 years, approximately 8% of the grant funds approved by the Foundation have not been paid. (They show up as cancelled grants on the Statement of Operations - see page 11.) There are a few reasons for this.

Most often, a grant is not fully paid when the project is under budget and does not require the total amount approved. Occasionally, unforeseen circumstances prevent a project from being completed as planned or even from getting off the ground. In each of these cases—whether a project simply doesn't need all the money or it changes substantially and cannot meet key terms of the approved grant—the balance is cancelled and the Foundation makes the funds available to support future granting.

GRANTS BY REGION 2008

The pie chart and table show the BC regions to benefit from grants approved during 2008. “Multi-region” grants benefit at least two regions and often benefit multiple communities throughout the province. Most education projects are multi-regional in scope while other initiatives, such as capital housing projects, primarily benefit people of a single region. Many organizations in the Lower Mainland undertake projects that are provincial or regional in scope.

PERCENTAGE OF TOTAL GRANT DOLLARS



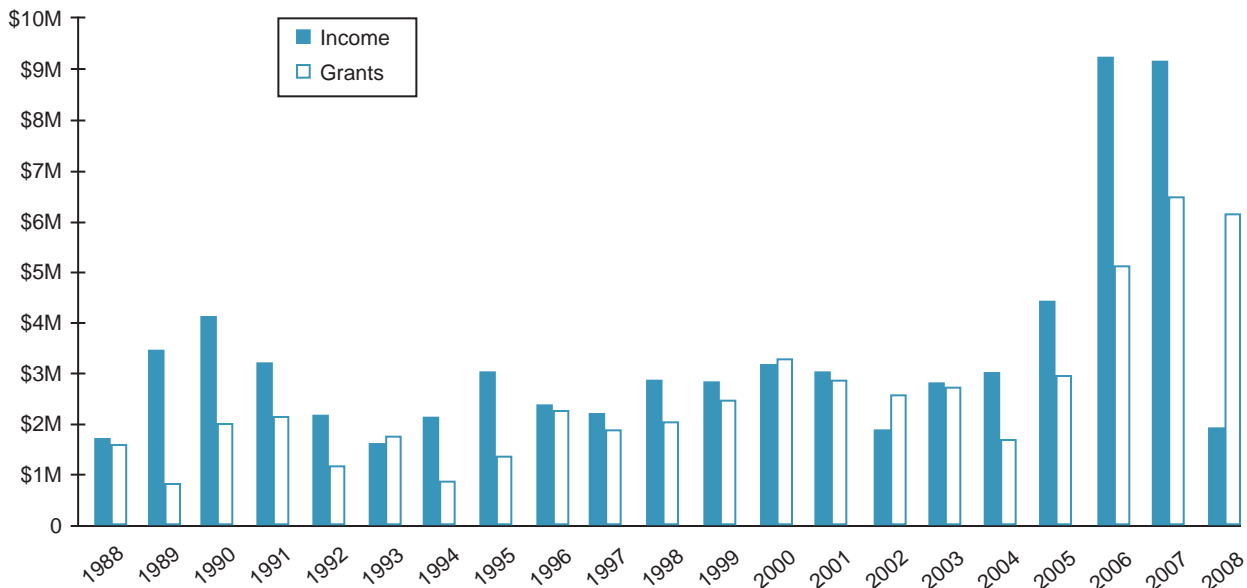
Region to benefit by grant	Number	Value
Multi-region/Province-wide	22	\$1,603,549
Cariboo & Northern BC	7	\$583,830
Fraser Valley	3	\$57,500
Kootenay Region	7	\$413,267
Lower Mainland & Howe Sound	18	\$1,475,330
Okanagan & Southern Interior	16	\$964,900
Vancouver Island	12	\$653,775
Victoria & Gulf Islands	6	\$363,600
Total	91	\$6,115,751

INCOME AND GRANTS, 1998-2008

Historically, an increase in Foundation income has preceded an increase in grants approved. For example, looking at the graph below, one sees that revenue increased in 1989 (over 1988). Correspondingly, grants were higher in 1990 than in 1989.

In general, this “staggered” pattern has continued to the present day. In 2004 there was decreased granting in spite of increased income the year before. This was because we put grants on hold while the Board and staff revised Foundation strategy. The significant income drop in 2008 occurred at the end of the year when the prime rate went down. This is affecting grant making in 2009. However, the Board of Governors has put aside reserves to help mitigate reduced revenues.

DOLLAR VALUE OF INCOME AND GRANTS



Financial Statements 2008



Cinnamon Jang Willoughby & Company

Chartered Accountants

A Partnership of Incorporated Professionals

AUDITORS' REPORT

To the Governors of **The Real Estate Foundation of BC:**

We have audited the balance sheet of The Real Estate Foundation of BC as at December 31, 2008 and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Real Estate Foundation of BC as at December 31, 2008 and the results of its operations, its cash flows and changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Cinnamon Jang Willoughby & Company

Chartered Accountants

Burnaby, BC
February 20, 2009

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HLB Cinnamon Jang Willoughby & Company is a member of  International. A world-wide organization of accounting firms and business advisors.

THE REAL ESTATE FOUNDATION OF BC

Balance Sheet
December 31, 2008

Assets	2008	2007
Cash and cash equivalents	\$ 839,193	\$ 2,480,197
Accounts and accrued investment income receivable	215,708	134,042
Interest receivable from real estate brokerage trust accounts (Note 2)	94,222	515,861
Prepaid expenses	9,176	6,253
Investments (Note 3)	21,817,136	24,755,537
Mortgages receivable (Note 4)	922,923	939,935
Equipment (Note 5)	59,746	86,741
	\$23,958,104	\$28,918,566
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 79,046	\$ 102,158
Grants payable (Note 6)	7,329,409	7,666,984
	7,408,455	7,769,142
Net Assets:		
Invested in equipment	59,746	86,741
Grant stabilization fund (Note 7)	18,000,000	14,000,000
Unrestricted (deficiency)	(1,510,097)	7,062,683
Commitments (Note 9)	16,549,649	21,149,424
	\$23,958,104	\$28,918,566

**Statement of Changes in Net Assets
For the Year Ended December 31, 2008**

	Invested in Equipment \$	Grant Stabilization Fund \$	Unrestricted \$	Total 2008 \$	Total 2007 \$
Balance, beginning	86,741	14,000,000	7,062,683	21,149,424	17,115,422
Adjustment - Adoption of new financial instrument standards (Note 2)	-	-	-	-	1,977,684
Adjusted balance, beginning	86,741	14,000,000	7,062,683	21,149,424	19,093,684
Excess (Deficiency) of revenue over expenses	(27,172)	-	(4,572,603)	(4,599,775)	2,056,318
Transfer to grant stabilization	-	4,000,000	(4,000,000)	-	-
Purchase of equipment, net	177	-	(177)	-	-
Balance, ending	59,746	18,000,000	(1,510,097)	16,549,649	21,149,424

Approved by the Governors:

 , Chairman

 , Secretary

- See accompanying notes -

REAL ESTATE FOUNDATION OF BC
Statement of Operations
For the Year Ended December 31, 2008

	2008	2007
Revenue:		
Real estate brokerage trust accounts income	\$ 4,328,815	\$ 8,659,417
Bank income	20,461	41,042
Mortgage interest	65,257	66,403
Investment income (loss) (Note 8)	(2,494,831)	464,231
	1,919,702	9,231,093
Expenses:		
Amortization	27,172	26,375
Foreign exchange loss (gain)	(1,065)	18,263
Governors' honorariums	20,603	-
Meetings, conferences and travel	77,846	102,046
Office	66,683	31,248
Professional fees	58,361	50,801
Property taxes	7,829	8,012
Publications and promotion	58,745	48,534
Rent	51,402	50,688
Salaries and benefits	450,050	321,405
Special projects	68,778	76,782
Telephone	8,495	8,227
	894,899	742,381
Revenue over expenses before grants	1,024,803	8,488,712
Grants:		
Approved	6,115,751	6,502,283
Cancelled	(491,173)	(69,889)
	5,624,578	6,432,394
Excess (Deficiency) of Revenue over Expenses	\$(4,599,775)	\$ 2,056,318
Excess (Deficiency) of Revenue over Expenses for the Year Allocated to Net Assets as Follows:		
Invested in equipment	\$ (27,172)	\$ (26,375)
Unrestricted	(4,572,603)	2,082,693
	\$(4,599,775)	\$ 2,056,318

- See accompanying notes -

REAL ESTATE FOUNDATION OF BC
Statement of Cash Flows
For the Year Ended December 31, 2008

	2008	2007
Operating Activities:		
Real estate brokerage trust account income	\$ 4,750,454	\$ 8,581,176
Investment income	1,123,290	873,085
Payment of expenses	(893,414)	(699,818)
Payment of grants	(5,962,153)	(4,357,792)
Cash flows from (used in) operating activities	(981,823)	4,396,651
Investing Activities:		
Advance receivable	(89,353)	-
Purchase of investments, net	(586,315)	(4,018,926)
Purchase of equipment	(525)	(32,492)
Repayment of mortgage receivable	17,012	15,866
Cash flows (used in) investing activities	(659,181)	(4,035,552)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,641,004)	361,099
Cash and Cash Equivalents, beginning	2,480,197	2,119,098
Cash and Cash Equivalents, ending	\$ 839,193	\$ 2,480,197

- See accompanying notes -

THE REAL ESTATE FOUNDATION OF BC
Notes to Financial Statements
December 31, 2008

1. Purpose of The Real Estate Foundation of BC:

The mission of The Real Estate Foundation of BC (the "Foundation") is to support sustainable real estate and land use practices for the benefit of British Columbians.

The Foundation is incorporated under The Real Estate Services Act (BC) and is not subject to income tax.

2. Significant Accounting Policies:

Basis of Accounting -

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Cash and Cash Equivalents -

Cash and cash equivalents consist of cash on hand, balance with banks, and highly liquid investments which are readily convertible into cash with maturities of three months or less when purchased.

Financial Instruments -

The following is a summary of the Foundation's classification of financial assets and liabilities:

Cash and cash equivalents	Held-for-trading
Accounts and accrued interest and dividends receivable	Loans and receivables
Interest receivable from real estate brokerage trust accounts	Loans and receivables
Investments	Held-for-trading
Mortgages receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Grants payable	Other financial liabilities

THE REAL ESTATE FOUNDATION OF BC
Notes to Financial Statements
December 31, 2008

2. Significant Accounting Policies: (Continued)

Financial Instruments (Continued) -

These are measured as follows:

- i) Held-for-trading financial instruments are initially measured at fair value with the Foundation using the settlement date for recognizing transactions in the balance sheet. They are subsequently re-measured at fair value and realized and unrealized gains and losses are recognized immediately in the statement of operations under investment income. Interest income earned, amortization of premiums and discounts as well as dividends received are included in investment income using the accrual basis of accounting. Transaction costs and loan origination and other fees associated with financial instruments classified as held-for-trading are expensed as incurred.
- ii) Loans and receivables are initially measured at fair value and subsequently measured at amortized cost using the effective interest method.
- iii) Other financial liabilities are initially measured at fair value and subsequently measured at amortized cost net of transaction costs using the effective interest method.

On January 1, 2007, the Foundation adopted new accounting standards: The Canadian Institute of Chartered Accountants (CICA) Handbook: Section 3855, "Financial Instruments - Recognition and Measurement"; and Section 3861, "Financial Instruments - Disclosure and Presentation". As required, these standards were adopted prospectively without restatement of prior year comparatives.

Upon adoption, investments were re-measured reflecting the unrealized gains and losses on securities held as at January 1, 2007. This resulted in the increase in the opening balance of both investments and net unrestricted assets by \$1,977,684.

The Foundation has chosen to apply CICA Handbook Section 3861, "Financial Instruments - Disclosure and Presentation" in place of Section 3862, "Financial Instruments - Disclosures" and Section 3863, "Financial Instruments - Presentation".

The carrying value of the Foundation's financial instruments at December 31, 2008 approximate their fair value.

Equipment -

Equipment is recorded at cost and is amortized on a straight-line basis over the estimated useful life of the assets as follows:

Computer	4 years
Furniture and equipment	4 years
Grant software	5 years
Leasehold improvements	Over the term of the lease

Long-lived Assets Impairment -

Long-lived assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment losses are recognized when the carrying amount of long-lived assets exceed the sum of the undiscounted future cash flows expected to result from the use of the asset and its eventual disposition. The impairment loss is determined as the amount by which the long-lived assets carrying amount exceeds its fair value less costs to sell.

Grants -

A grant is expensed when a commitment has been approved by the Foundation's Governors. Cancelled grants are recorded as income in the year they are cancelled.

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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the period. Actual results may differ from those estimates.

Future Accounting and Reporting Changes -

The following standards are effective for the Foundation's fiscal year ended December 31, 2009.

In September 2008, the Canadian Institute of Chartered Accountants (CICA) changed a number of accounting standards relating to not-for-profit organizations. Many of these changes are amendments to existing CICA Handbook sections to include not-for-profit organizations within their scope and to provide additional guidance to not-for-profit organizations when applying generally accepted accounting principles. Specific changes that may affect the financial reporting of the Foundation are as follows.

THE REAL ESTATE FOUNDATION OF BC
Notes to Financial Statements
December 31, 2008

2. Significant Accounting Policies: (Continued)

Future Accounting and Reporting Changes (Continued) -

CICA Handbook Section 4400, "Financial Statement Preparation by Not-For-Profit Organizations" has been amended to eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit presentation of such an amount as a category of internally restricted net assets.

Section 4400 also has been amended to clarify that revenues and expenses must be recognized and presented on a gross basis when the organization is acting as a principal in transactions.

The Foundation is currently evaluating what impact the adoption of these accounting standards may have on its financial statements.

3. Investments:

For the year ended December 31, 2008, an unrealized loss of \$2,098,152 was recognized in investment income in respect of investments designated as held-for-trading under the fair value option.

Fair value is based on bid prices from published price quotations for fixed income securities, common shares, mutual funds, and others.

The Foundation's investments are exposed to market risk due to changing market conditions. The Foundation manages market risk by establishing and monitoring asset allocation strategies and by diversifying investments within the various asset classes to control overall market risk. Investments in foreign equities are exposed to currency risk due to fluctuations in foreign exchange rates. The Foundation manages its market risk by allocating its investments across four investment managers, with differing investment styles and mandates.

Equity risk is managed by diversifying the equity portfolio by sector and quality and restricts stocks held in a single corporation to 10% of the total investment portfolio. The amount invested in equities is targeted to not exceed 45% of the total investment portfolio. All stocks purchased must satisfy the requirements of the Trustee Act.

Bond market risk is managed by ensuring the bond portfolio reflects a reasonable diversification by sector, type of issuer and quality and restricting corporate issues to 35% of the bond portfolio. The minimum quality standard for individual bonds and debentures is an "A" rating as measured by the Canadian Bond Rating Service or Dominion Bond Rating Service.

4. Mortgages Receivable:

There are two mortgages receivable from the Vancouver Resource Society. The first loan to the Vancouver Resource Society is receivable at \$5,089 per month including interest at 7% per annum compounded monthly. The loan is secured by a second mortgage on the Vancouver Resource Society's real estate at 4242 - 4256 Fraser Street, Vancouver, BC. The loan is callable after September 2012.

The second loan to the Vancouver Resource Society is receivable at \$1,767 per month including interest at 7% per annum compounded monthly. The loan is secured by a second mortgage on the Vancouver Resource Society's real estate at 8628 Hudson Street, Vancouver, BC. The loan is callable after October 2013.

5. Equipment:

	Cost 2008	Accumulated Amortization 2008	Net Book Value 2008	Net Book Value 2007
Grant software	\$ 8,692	\$ 5,215	\$ 3,477	\$ 5,215
Computer	30,896	19,058	11,838	18,238
Furniture and equipment	61,173	49,512	11,661	23,340
Leasehold improvements	50,024	17,254	32,770	39,948
	\$150,785	\$91,039	\$59,746	\$86,741

6. Grants Payable:

	2008	2007
Balance, beginning	\$ 7,666,984	\$ 5,592,382
Grants approved	6,115,751	6,502,283
Grants cancelled	(491,173)	(69,889)
Grants paid	(5,962,153)	(4,357,792)
Balance, ending	\$ 7,329,409	\$ 7,666,984

THE REAL ESTATE FOUNDATION OF BC
Notes to Financial Statements
December 31, 2008

7. Grant Stabilization Fund:

In December 2005, the Board of Governors resolved to establish a Grant Stabilization Fund of \$10,250,000. The fund was established to designate the level of net assets required to maintain the Foundation's grant expenditures program. At the March 28, 2008 annual general meeting, the grant stabilization fund was increased to \$20,000,000. At the September and December 2008 governors' meetings, the fund was reduced to \$18,000,000.

8. Investment Income (Loss):

	2008	2007
Interest income	\$ 775,916	\$ 700,257
Dividends	409,691	202,161
Realized gain (loss)	(1,426,564)	126,538
Investment counselling fees	(155,722)	(149,649)
Investment income (loss)	(396,679)	879,307
Adjustment to market value	(2,098,152)	(415,076)
	\$(2,494,831)	\$ 464,231

9. Commitments:

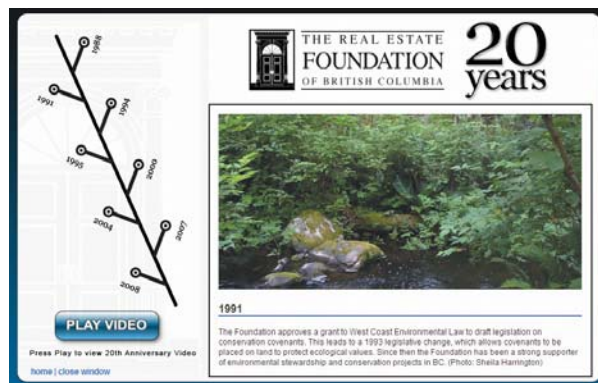
The Foundation is committed to the following annual minimum lease payments for the rental of its office premises:

2009	\$ 28,489
2010	30,589
2011	30,780
2012	30,780
2013	17,955
	<u>\$138,593</u>

The Foundation is also committed to its share of related operating cost and GST on both lease payments and operating costs.

10. Comparative Figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.



The Real Estate Foundation produced an interactive timeline and video as part of our celebration of *20 Years of Grant Making*. View them online at www.realestatefoundation.com.

About Us

FOUNDATION PROFILE

Mission - To support sustainable real estate and land use practices for the benefit of British Columbians.

Mandate - The Real Estate Foundation of British Columbia was created by an amendment to the *Real Estate Act* in 1985. After a start-up period, it began making grants in 1988. When the Act was reformed in 2005, the Foundation was authorized by the *Real Estate Services Act*. The Foundation is a non-profit corporation which receives income on unassigned real estate brokerage trust accounts (pooled trust accounts held by realtors), invests it, and uses the proceeds to support non-profit real estate and land use related initiatives.

Legislated Purposes - To undertake and carry out real estate public and professional education, real estate law reform, real estate research and other projects intended for the public or professional good in relation to real estate activities. *Real Estate Services Act* - section 26(1)

Governance - The Real Estate Foundation of BC is directed by a Board of Governors consisting of five appointed members. The BC Real Estate Association, the Real Estate Council of BC, and the Real Estate Institute of BC each appoint one member. The Minister of Finance appoints two members. Governors can serve up to two consecutive three-year terms. Since 1985, 29 men and women have served as Governors.

Programs - The Foundation has three main programs: the Responsive Grants Program, which is our primary funding program, the Vancity/Real Estate Foundation Green Building Grant Program, and Communities in Transition (CIT). See www.realestatefoundation.com and www.communitytransition.org for more details on these programs. We are also involved in other "special program" activities from time to time.

STAFF MEMBERS

Karin Kirkpatrick

Executive Director

Jen McCaffrey

Grants Officer

Celina Owen

Manager of Communications & Administration

Tim Pringle

Director of Special Programs

Mike Rogozinski

Director, Program Development & Housing

Hedy Rubin

Grants & Administration Officer

Leta Smith

Administrative Assistant

GOVERNOR HISTORY

Appointing Organization	Governor	Term
BC Real Estate Association	Herman Wiebe	1985-1987
	Ian Dennis	1987-1994
	Gary Brady	1994-2000
	Glenn Temes	2000-2004
	Barry Brown-John	2004-present
Minister of Finance	David Edgar	1985-1986
	Michael Goldberg	1985-1991
	Douglas Horswill	1990-1991
	Gerald Armstrong	1987-1990
	Setty Pendakur	1992-2005
	Brenda Eaton	1992-1993
	Elain Duvall	1993-1999
	Mary Flynn	1999-2000
	Theresa Eichler	2001-2006
	J.T. (Jack) Hall	2005-present
Real Estate Council of BC	Cheryl Kathler	2007-present
	Ross Ker	1985-1988
	Hugh Clee	1988-1994
	Pat Moore	1994-1998
	Dermot Murphy	1998-2001
	Kenneth Henderson	2001-2004
	Charles Northrup	2004-2008
Real Estate Institute of BC	Eileen Smith	2008-present
	Julie Caron (Gillanders)	1985-1988
	George Oikawa	1988-1992
	Robert Mikitka	1992-1997
	Donald Taylor	1998-2001
	Calvin Ross	2002-2006
Stephen Mullock	2006-present	



THE REAL ESTATE
FOUNDATION
OF BRITISH COLUMBIA

CONTACT

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