



Cultural
Human Resources
Council

Conseil
des ressources humaines
du secteur culturel



2016-2017

ANNUAL
REPORT

PRESIDENT'S REPORT – Annual General Meeting 2017

CHRC continues to carve out its unique place in the sector as a leader in human resources, and a cohesive voice for artists, cultural workers and cultural organizations across the country.

At CHRC's heart are its members and Board. On the one hand, I'm pleased to say that our membership is as strong as it has ever been. That is a very encouraging sign that we are on the right track as we advance the sector's HR agenda on several fronts. On the other hand, our Board is undergoing its annual renewal this year, welcoming into its ranks Janis Lundman (Back Alley Productions) who replaces Liz Shorten as the Board representative for Film and Television; and, Carly Beath (Interactive Ontario and CIAIC) who replaces Ian Kelso as the Board representative for Digital Media.

We are encouraged by the willingness of these and others in the sector who have offered to serve as Board members. This is also a sign that we are on the right track!

Sustaining operating funding continues to be elusive – a challenge faced by many arts service organizations. We continue to seek sources of core funding, but it is difficult for an organization like ours that serves the whole sector. Hopefully our public funders will see the value that our organization has for the continued health of our sector.

On behalf of the Board and our dedicated staff, we thank you, our members, for your support and participation. You are our raison d'être and the reason for our success.

Richard Hornsby
PRESIDENT

EXECUTIVE DIRECTOR'S REPORT – Annual General Meeting 2017

Dear Members and Colleagues,

CHRC's agenda has been dominated by our Talent to Lead (T2L) project this year, with funding from the Strategic Initiatives Programme of the Department of Canadian Heritage (DCH), and the Metcalf Foundation. Through a call for applications from mid-career managers seeking to advance to senior positions in the sector, 42 were selected from across the country to participate in the programme. They are being mentored by senior cultural leaders, and 'meet' and learn in monthly webinars on HR issues presented through the prism of a leader. It has been an invigorating and rewarding experience. We have been especially grateful to work closely with our experienced partners at HEC Montreal and Mentorat culturel in Quebec to identify and nurture the francophone cohort.

Two anglophone cohorts and one francophone cohort are now running as T2L begins its second year. We are learning and improving the programme as we go. Two things are certain: our sector is hungry for mentorship opportunities, and it is rich in willing leaders who are more than ready to mentor the next generation of leaders.

With T2L, and with our management of DCH's Building Careers in Heritage internships and the Work Experience programme of Employment and Skills Development Canada, this year has been very much about ensuring hands-on professional development opportunities for many in the sector from emerging artists and workers to mid-career managers.

One important deliverable of the T2L project was the updating of CHRC's HR Management Toolkit. Each of the 12 chapters of this popular guide was reviewed and revised by a consultant and then verified by 2 members of CHRC's Provincial and Territorial Advisory Committee (PATAC). It took a lot of time and thought on the part of the "PATACians" but a better group of reviewers you would be hard pressed to find than these highly experienced cultural managers. In addition to the revisions, two new chapters were added to the Toolkit: on 'Mentoring' and on 'Succession'.

I'd like to acknowledge the extraordinary work of our Senior Project Manager, Lucie D'Aoust, who edited and did the lay out for both the English and the French versions of the tools, even as she managed and guided the internship and work experience programmes.

I also want to acknowledge the leadership role that Annalee Adair has played as the Project Manager and a driving force behind T2L- a bright new addition to the CHRC team. Michael Lechasseur continues as our talented, infinitely patient, highly skilled webmaster who built the T2L web site for us as he maintains CHRC's big and growing website. And we gratefully acknowledge the steady competence of our Finance Officer, Erma Barnett, who keeps our finances in order (and deftly handled the new CRA requirements that are bedeviling the sector).

But above all, I want to acknowledge and thank you, our members, for your ongoing support and encouragement. You put the wind in our sails!

Susan Annis
EXECUTIVE DIRECTOR

CULTURAL HUMAN RESOURCES COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2017

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PARKER PRINS LEBANO
Chartered Professional Accountants
Professional Corporation

INDEPENDENT AUDITORS' REPORT

To the Members of the:
CULTURAL HUMAN RESOURCES COUNCIL

Report on the Financial Statements

We have audited the accompanying financial statements of the **CULTURAL HUMAN RESOURCES COUNCIL**, which comprise the Statement Of Financial Position as at March 31, 2017, and the Statements Of Operations, Changes In Net Assets, 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization'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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **CULTURAL HUMAN RESOURCES COUNCIL** as at March 31, 2017, and its financial performance for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matters

Without modifying our opinion, we draw attention to Note 5 to the financial statements which describes management's plans in regard to the material uncertainty that exists, resulting from the completion of the agreement of funding with Human Resources and Skills Development Canada (HRSDC), and thus raises substantial doubt about the organization's ability to continue as a going concern.

Parker Prins Lebano Chartered Professional Accountants Professional Corporation
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

Ottawa, Ontario
June 14, 2017

CULTURAL HUMAN RESOURCES COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017

ASSETS	<u>2017</u>	<u>2016</u>
CURRENT		
Cash	\$ 3,404	\$ 60,113
Accounts receivable	31,260	29,100
GST/HST receivable	13,985	2,090
Prepaid expenses	<u>1,806</u>	<u>1,721</u>
	50,455	93,024
CAPITAL ASSETS (Note 3)		
	<u>806</u>	<u>372</u>
	<u>\$ 51,261</u>	<u>\$ 93,396</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 5,018	\$ 13,487
Source deductions payable	5,277	3,278
Deferred revenue	<u>15,717</u>	<u>13,071</u>
	<u>26,012</u>	<u>29,836</u>
NET ASSETS		
Invested in capital assets	806	372
Unrestricted	<u>24,443</u>	<u>63,188</u>
	<u>25,249</u>	<u>63,560</u>
	<u>\$ 51,261</u>	<u>\$ 93,396</u>

The accompanying notes and Schedule 1 are an integral part of the financial statements.

CULTURAL HUMAN RESOURCES COUNCIL
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
REVENUE (Note 4 and Schedule 1)	\$ 588,488	\$ 335,698
EXPENDITURE		
Amortization	306	159
Capital asset disposal	371	-
Bank charges	1,713	1,547
Communications and translation	14,638	41,783
Furniture, equipment and rentals	-	1,040
Insurance	4,005	2,827
Internship programs	146,850	148,356
Legal, accounting and audit	6,933	7,000
Occupancy and storage costs	3,468	3,255
Office supplies	1,008	2,857
Postage and courier	325	673
Printing	288	204
Professional fees	73,378	54,163
Salaries, benefits and casual wages	349,641	126,636
Telecommunications	4,790	5,954
Travel and accommodation	16,161	24,269
Website redesign and development	2,924	870
	<u>626,799</u>	<u>421,593</u>
DEFICIENCY OF REVENUE OVER EXPENDITURE	\$ (38,311)	\$ (85,895)

CULTURAL HUMAN RESOURCES COUNCIL
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2017

	Invested In Capital Assets	Unrestricted	2017	2016
NET ASSETS				
BALANCE, BEGINNING OF YEAR	\$ 372	\$ 63,188	\$ 63,560	\$ 149,455
DEFICIENCY OF REVENUE OVER EXPENDITURE	(306)	(38,005)	(38,311)	(85,895)
CAPITAL ASSET PURCHASES, NET	740	(740)	-	-
BALANCE, END OF YEAR	<u>\$ 806</u>	<u>\$ 24,443</u>	<u>\$ 25,249</u>	<u>\$ 63,560</u>

The accompanying notes and Schedule 1 are an integral part of the financial statements.

CULTURAL HUMAN RESOURCES COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS (USED FOR) FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenditure for the year	\$ (38,311)	\$ (85,895)
Items not requiring an outlay of cash:		
Amortization	306	159
Capital asset disposal	<u>371</u>	<u>-</u>
	(37,634)	(85,736)
Net change to non-cash items related to operations:		
Accounts receivable	(2,160)	55,242
GST/HST receivable	(11,895)	(1,462)
Prepaid expenses	(85)	(898)
Accounts payable and accrued liabilities	(8,469)	(7,862)
Source deductions payable	1,999	1,077
Deferred revenue	<u>2,646</u>	<u>(39,421)</u>
	<u>(55,598)</u>	<u>(79,060)</u>
CASH FLOWS (USED FOR) FROM INVESTING ACTIVITIES		
Acquisition of capital assets	(1,111)	-
Investments, net	<u>-</u>	<u>84,773</u>
	<u>(1,111)</u>	<u>84,773</u>
NET (DECREASE) INCREASE IN CASH	(56,709)	5,713
CASH, BEGINNING OF YEAR	<u>60,113</u>	<u>54,400</u>
CASH, END OF YEAR	<u>\$ 3,404</u>	<u>\$ 60,113</u>

CULTURAL HUMAN RESOURCES COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

1. GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Cultural Human Resources Council (the "Council") is a not-for-profit organization incorporated without share capital under the Canada Business Corporations Act on October 4, 1994. The mission of the Council is to initiate, coordinate and promote human resources planning, management, development and training in the cultural sector. These financial statements represent the combined programs of the Council. As a not-for-profit organization, the Council is not subject to income taxes.

2. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFP), and reflect the following policies:

BASIS OF PRESENTATION

The financial statements are prepared using the historical cost method, except for certain financial instruments that are recognized at fair value. No information on fair value is presented when the carrying amount corresponds to a reasonable approximation of the fair value.

ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to the financial statements. These estimates, such as amortization of capital assets, are based on management's best knowledge of current events and actions that the Council may undertake in the future. Actual results may differ from these estimates.

REVENUE RECOGNITION

The Council follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unexpended contributions are recorded as committed funds on the Statement Of Financial Position until the termination of the agreement to which they relate. Unexpended funds at the termination date of each contribution agreement are payable to the contributor.

Contributed capital assets are reported as revenue when the organization receives the capital assets. These contributions are recorded at the fair value of the capital assets or a nominal value of \$1 if the fair value cannot be reasonably determined.

Investment income is recognized as it is earned.

CULTURAL HUMAN RESOURCES COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

MARCH 31, 2017

2. ACCOUNTING POLICIES (continued)

CAPITAL ASSETS

The computer hardware is recorded at cost. Amortization is computed to amortize the cost of the computer hardware less its residual value over its estimated useful life, using the declining balance method at the annual rate of 55%.

Capital assets acquired during the year are amortized at half of the annual rate.

Capital acquisitions related to Human Resources and Skills Development Canada (HRSDC) projects are expensed at the date of purchase as the Council does not own the asset until approval for the disposal of the capital assets on completion of the project is received from the Director General of Human Resources Partnerships.

3. CAPITAL ASSETS

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware	<u>\$ 1,111</u>	<u>\$ 305</u>	<u>\$ 806</u>	<u>\$ 372</u>

4. COMMITTED FUNDS

Funds from the Department of Canadian Heritage (DCH):

	2017	2016
Balance, beginning of year	\$ -	\$ -
Contributions	330,800	176,000
Expenditures	<u>(330,800)</u>	<u>(176,000)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

CULTURAL HUMAN RESOURCES COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

MARCH 31, 2017

5. GOING CONCERN

These financial statements have been prepared based on the going concern assumption. The success of the Council is contingent on generating significant funding from outside sources, as well as self-generated revenues. A significant amount of external funding was cut in fiscal 2014. While the Council is aiming to become more self-sufficient, they are actively seeking continued funding from multiple sources, the amounts of which are not determinable. Management believes the remaining funds within the Council will allow them to operate through the next fiscal year based on the current spending model, or longer should the organization re-evaluate forthcoming budgets pending confirmation of future funding agreements.

6. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The council is exposed to various financial risks resulting from both its operations and its investment activities. The Council's management manages financial risks.

The Council does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

FINANCIAL RISKS

The Council's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

The Council is exposed to credit risk since its cash is held by one financial institution. A significant portion of its accounts receivable is due from two government departments, and as a result exposes the Council to limited credit risk.

Interest rate risk

The Council is exposed to interest rate risk as a result of short-term floating bank indebtedness. The interest rate risk to the Council's earnings arises from fluctuations in interest rates and the degree of volatility of these rates.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and short-term investments and to ensure that the Council has financing sources such as bank loans for a sufficient authorized amount. The Council establishes budget and cash estimates to ensure it has the necessary funds to fulfill its obligations.

Short-term financial instruments

The fair value of short-term financial assets and liabilities approximates their carrying amount given that they will mature shortly.

CULTURAL HUMAN RESOURCES COUNCIL

SCHEDULE OF REVENUES - Schedule 1

MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
ANCILLARY AGREEMENTS		
<i>Transition from school to work programs</i>		
National Arts Training Contribution Program - DCH	\$ 176,000	\$ 176,000
<i>Occupational analysis and promotion</i>		
Preparing for Succession - DCH	154,800	-
<i>Youth Employment Strategy</i>		
Career Focus	<u>191,640</u>	<u>-</u>
	<u>522,440</u>	<u>176,000</u>
SELF-GENERATED		
Grants	-	116,009
Interest and other	-	537
Membership fees	21,224	22,343
Sales of products and services	<u>44,824</u>	<u>20,809</u>
	<u>66,048</u>	<u>159,698</u>
	<u>\$ 588,488</u>	<u>\$ 335,698</u>