



Cultural
Human Resources
Council

Conseil
des ressources humaines
du secteur culturel



2017-2018

ANNUAL
REPORT

PRESIDENT'S REPORT – Annual General Meeting 2018

I wrote in my Report to the AGM last year that “CHRC continues to carve out its unique place in the sector as a leader on human resource issues, and a cohesive and coherent voice for artists, cultural workers and cultural organizations across the country.” CHRC is indeed living up to its calling.

The issue of sexual harassment has embroiled the sector for months as it reels in the wake of sensational headlines of sexual misconduct involving high profile artists. The response has been swift on the part of artists, cultural workers and employers alike: harassment of any kind is not tolerated in the cultural sector. The screen industries developed a Code of Conduct, training, and response mechanisms for victims of harassment. The music community is working together to develop its own Code of Conduct. The provincial government in Quebec contributed \$900,000 over 3 years to address harassment and to prevent it. And CHRC is taking the lead with the performing, literary and visual arts on several anti-harassment initiatives, under the banner “Respectful Workplaces in the Arts” – generously funded by the Canada Council for the Arts and the Department of Canadian Heritage.

And while the anti-harassment activity is catching much of our attention and energies, CHRC has also been very engaged in other HR issues, such as dealing with succession through mentorship in its *Talent to Lead* programme - a project I’m very proud of, that saw 42 talented mid-career managers trained and mentored over the past 2 years. *Talent to Lead* is now launched on a third year which will focus on leaders from Indigenous, culturally diverse and official language minority communities.

Another major area of activity has been overseeing a *National Compensation Study for Managerial and Administrative Positions in Not-for-Profit Arts Organizations*. This was an update of a similar study carried out in 2008. It shows an increase of .43% a year in salaries for arts managers since the last study. This is a meagre gain. The study will help us re-focus our efforts to bring attention to the risks we run in the cultural sector in terms of recruiting and retaining top level candidates for managerial and administrative positions in the arts.

I also said in my Report last year that “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. Yet we see – dramatically over this past year - the value of an organization that can speak on behalf of the entire sector and address HR issues, which are coming increasingly to the fore, a healthy sector needs a CHRC in its ecosystem.

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 2018

Dear Members and Colleagues,

This past year has been a busy one for CHRC as HR issues are coming increasingly to the fore: dealing with harassment, facing risks to recruitment and retention of managers, tackling challenges around succession, and meeting the need for internships and mentorships for careers in the cultural sector.

Through several initiatives we are leading with solutions to these HR issues.

Harassment is stealing the headlines these days as the cultural sector collectively and firmly maintains a zero tolerance response to harassment of any kind. Collaborating with others in the sector, CHRC is leading a “Respectful Workplaces in the Arts” project with the performing, visual and literary arts that will address harassment in several ways – through training videos and webinars, resources, tools, and a national communications campaign.

On the question of recruitment and retention, our *National Compensation Study for Managerial and Administrative Positions in Not-for-Profit Arts Organizations*, an update of a similar study carried out in 2008, has revealed an average annual compensation increase of .43 % per year for arts managers and administrators since the last study. This is clearly not acceptable. We must renew our efforts to bring the salaries of these very important cultural workers in line with other sectors of the economy in order to be competitive – or risk not being able to recruit and retain top level managers.

Regarding succession, CHRC’s flagship programme “Preparing for Succession” under the *Talent to Lead* banner, has completed 2 successful years (with 42 talented mid-career managers now in the *Talent to Lead* cohorts); and will focus this coming year on leaders from Indigenous, culturally diverse and official language minority communities.

A very important component of *Talent to Lead* is the mentorship matching that is facilitated through the programme. CHRC is demonstrating the value of mentors in preparing mid-career managers to step into top positions in the sector. In a similar way, through internships in the *Building Careers in Heritage* programme that CHRC manages on behalf of the Department of Canadian Heritage, CHRC is demonstrating the value of mentors in launching young cultural workers in a career in the cultural sector.

Through these ongoing initiatives and with a national Labour Market Information Study of the Cultural Sector on the horizon, CHRC continues to be a cohesive and leading voice on behalf of the sector around a wide range of human resource issues. We couldn’t and wouldn’t do it without you – our members. Thank you for your ongoing support, collaboration, encouragement and energy.

Susan Annis
EXECUTIVE DIRECTOR

CULTURAL HUMAN RESOURCES COUNCIL
FINANCIAL STATEMENTS

MARCH 31, 2018

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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, 2018, 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, 2018, 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 6 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 Employment and Skills Development Canada (ESDC), 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 17, 2018

CULTURAL HUMAN RESOURCES COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT		
Cash	\$ 19,225	\$ 3,404
Short-term investments (Note 3)	5,000	-
Accounts receivable	34,382	31,260
GST/HST receivable	431	13,985
Prepaid expenses	-	1,806
	<u>59,038</u>	<u>50,455</u>
CAPITAL ASSETS (Note 4)	<u>363</u>	<u>806</u>
	<u><u>\$ 59,401</u></u>	<u><u>\$ 51,261</u></u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 5,480	\$ 5,018
Source deductions payable	7,206	5,277
Deferred revenue	15,558	15,717
	<u>28,244</u>	<u>26,012</u>
NET ASSETS		
Invested in capital assets	363	806
Unrestricted	<u>30,794</u>	<u>24,443</u>
	<u><u>31,157</u></u>	<u><u>25,249</u></u>
	<u><u><u>\$ 59,401</u></u></u>	<u><u><u>\$ 51,261</u></u></u>

CULTURAL HUMAN RESOURCES COUNCIL
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
REVENUE (Note 5 and Schedule 1)	\$ 453,904	\$ 588,488
EXPENDITURE		
Amortization	443	306
Capital asset disposal	-	371
Bank charges	1,617	1,713
Communications and translation	7,074	14,638
Insurance	3,822	4,005
Internship programs	180,741	146,850
Legal, accounting and audit	7,000	6,933
Occupancy and storage costs	4,078	3,468
Office supplies	2,007	1,008
Postage and courier	103	325
Printing	-	288
Professional fees	75,133	73,378
Salaries, benefits and casual wages	149,706	349,641
Telecommunications	5,581	4,790
Travel and accommodation	10,691	16,161
Website redesign and development	-	2,924
	447,996	626,799
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	\$ 5,908	\$ (38,311)

CULTURAL HUMAN RESOURCES COUNCIL
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2018

	Invested In Capital Assets	Unrestricted	2018	2017
NET ASSETS				
BALANCE, BEGINNING OF YEAR	\$ 806	\$ 24,443	\$ 25,249	\$ 63,560
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	(443)	6,351	5,908	(38,311)
BALANCE, END OF YEAR	<u>\$ 363</u>	<u>\$ 30,794</u>	<u>\$ 31,157</u>	<u>\$ 25,249</u>

CULTURAL HUMAN RESOURCES COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditure for the year	\$ 5,908	\$ (38,311)
Items not requiring an outlay of cash:		
Amortization	443	306
Capital asset disposal	-	371
	<u>6,351</u>	<u>(37,634)</u>
Net change to non-cash items related to operations:		
Accounts receivable	(3,122)	(2,160)
GST/HST receivable	13,554	(11,895)
Prepaid expenses	1,806	(85)
Accounts payable and accrued liabilities	462	(8,469)
Source deductions payable	1,929	1,999
Deferred revenue	(159)	2,646
	<u>20,821</u>	<u>(55,598)</u>
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Acquisition of capital assets	-	(1,111)
Investments, net	<u>(5,000)</u>	<u>-</u>
	<u>(5,000)</u>	<u>(1,111)</u>
NET INCREASE (DECREASE) IN CASH	15,821	(56,709)
CASH, BEGINNING OF YEAR	3,404	60,113
CASH, END OF YEAR	\$ 19,225	\$ 3,404

CULTURAL HUMAN RESOURCES COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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 (ASNFPO), 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, 2018

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.

3. INVESTMENTS

Investments consisted of a Guaranteed Investment Certificate (GIC) bearing an annual interest rate of 1.7% and maturing in March 2019.

4. CAPITAL ASSETS

	2018			2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Computer hardware	\$ 1,111	\$ 748	\$ 363	\$ 806	

5. COMMITTED FUNDS

Funds from the Department of Canadian Heritage (DCH):

	2018	2017
Balance, beginning of year	\$ -	\$ -
Contributions	112,200	330,800
Expenditures	(112,200)	(330,800)
Balance, end of year	\$ -	\$ -

6. 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.

CULTURAL HUMAN RESOURCES COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

MARCH 31, 2018

7. 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, 2018

	<u>2018</u>	<u>2017</u>
ANCILLARY AGREEMENTS		
<i>Transition from school to work programs</i>		
YCW - Building Careers in Heritage	\$ 226,000	\$ 176,000
<i>Human resources strategies</i>		
Compensation Study 2017	72,900	-
<i>Mentorship program</i>		
Talent to Lead (T2L)	112,200	154,800
<i>Youth Employment Strategy</i>		
Career Focus	<u>-</u>	<u>191,640</u>
	<u>411,100</u>	<u>522,440</u>
SELF-GENERATED		
Interest and other	39	-
Membership fees	23,908	21,224
Sales of products and services	<u>18,857</u>	<u>44,824</u>
	<u>42,804</u>	<u>66,048</u>
	<u><u>\$ 453,904</u></u>	<u><u>\$ 588,488</u></u>