



Cultural
Human Resources
Council

Conseil
des ressources humaines
du secteur culturel



2011 – 2012

ANNUAL
REPORT

PRESIDENT'S REPORT – *Annual General Meeting 2012*

This past year has been one of transition for CHRC – beginning with the announcement in July 2011 of the closing of the Sector Council Program at HRSDC.

First reactions of CHRC to the federal government's news were to assert the Council's active role in the cultural sector and affirm its "legacy" – its history and contribution to the health and vitality of cultural human resources since it was established in the early 1990s.

However, as the Board reflected on CHRC's accomplishments it realized that we should not be talking in terms of "legacy" but in terms of a solid foundation on which to continue and build.

With a financial base that it has been conscientiously growing since its inception, CHRC can continue to serve the cultural sector for 3 years or more years – over which time it will establish a new business model (that is not dependent on government funding) with new revenue streams to allow it to flourish once again.

In other words, as the Board took stock of the rich array of products and research that CHRC has developed over the years, and the depth and breadth of its networks, experience and expertise, it realized that CHRC still has much to offer the cultural sector.



Kevin Hanson
PRESIDENT

In this spirit, the Board has spent the past year planning for the future: it will be smaller in size, but will remain representative of the whole sector; it will continue to nurture its networks through a new Advisory Council that will extend its reach into the sub-sectors; it will ramp up the marketing of CHRC's products; it will develop new services; it will seek new partnerships to address HR issues in collaboration with industry, professional associations, unions, guilds and educators.

We are grateful for the great flexibility and resilience that the staff has shown over these months, as we adjust the workflow to meet changing conditions. They have been strong contributors to the planning process while maintaining the level of service and positive energy that have always characterized CHRC.

Our members will continue to be at the heart of CHRC. Our dynamic, rich website will continue to be the focal point of our activities, outreach and communication.

And CHRC, as one of the few voices that speak on behalf of the entire sector across the country, will continue as the only voice that speaks on human resource issues for artists, cultural workers and employers. We thank you, our members, and the broad sector for the support we have had over the past year, and we look forward to serving and working together with you in the years to come.

This past year has been one of much reflection and strategizing as CHRC plots its future without the federal Sector Council Program that established and supported it for over 15 years. These months of Board deliberations and consultation have not been depressing or negative though, but rather energizing and positive! There is a strong belief in the importance of CHRC's work and a clear determination among many partners to have it continue.

The testament to CHRC's value is how active it has been on many fronts while the transitioning discussions are going on.

Pilot Workshops: CHRC has conducted pilot workshops across the country to help develop business and management skills in the cultural industries.

Magazine Publishers: CHRC has worked closely with the magazine industry to create a competency chart for magazine publishing; and on line resources to help the industry adapt to digitization in the areas of editorial, advertising, production and circulation.

Digital Media Content Creators: CHRC is preparing valuable resources for the DM industry to help content creators, and their educators/trainers and employers, to understand the human resource needs of the DM industry and better prepare the emerging workforce for its ever changing and rapidly shifting demands. As the digital "tsunami" sweeps over all parts of the sector, the work around DM content creators spills into other sub-sectors and arts disciplines, helping the entire sector to be active agents in the digital economy.

Youth Internships: CHRC continues to manage internship programs for both HRSDC (Career Focus) and DCH (Building Careers in Heritage), providing jobs for over 100 emerging cultural workers as they move into their first work experiences in the culture sector. Employers in all cultural sub-sectors have benefited for over a decade from these programs. The internships are in many ways the crown jewels of CHRC's offerings.

Rich Resources: CHRC has a rich array of resources (research, course content, education tools) to help cultural workers, employers and educators/trainers to prepare and maintain a well skilled workforce for the future. We continue to develop these resources – most recently we have created online modules of the ever popular *The Art of Managing Your Career*.

Communications and Networking: And CHRC continues to nurture its networks though out the sector (through organizations such as our Provincial and Territorial Advisory Committee). We travel to all parts of the country, Board members reach out to their constituencies, our web site is our nerve central, we are active on social media.

In short – CHRC is and will continue to be a force and active presence in and on behalf of Canada's cultural sector. We thank you for your ongoing support.



Susan Annis
EXECUTIVE DIRECTOR

CULTURAL HUMAN RESOURCES COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2012

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PARKER PRINS LEBANO
Chartered Accountants
Professional Corporation

INDEPENDENT AUDITORS' REPORT

To the Members of:

CULTURAL HUMAN RESOURCES COUNCIL

Report on the Financial Statements

We have audited the accompanying financial statements of **CULTURAL HUMAN RESOURCES COUNCIL**, which comprise the Statement Of Financial Position as at March 31, 2012, and the Statements Of Operations and Changes In Net Assets 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.

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 **CULTURAL HUMAN RESOURCES COUNCIL** as at March 31, 2012, and its financial performance for the year then ended in accordance with Canadian generally accepted accounting principles.

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

Ottawa, Ontario
June 21, 2012

CULTURAL HUMAN RESOURCES COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2012

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT		
Cash	\$ 46,273	\$ 155,734
Accounts receivable	166,097	150,978
Prepaid expenses	<u>2,752</u>	<u>7,306</u>
	215,122	314,018
LONG-TERM INVESTMENTS (Note 3)	265,927	216,877
CAPITAL ASSETS (Note 4)	<u>1,913</u>	<u>524</u>
	<u>\$ 482,962</u>	<u>\$ 531,419</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 43,567	\$ 34,185
Committed funds (Note 5)	52,372	106,255
Deferred revenue	<u>22,269</u>	<u>22,550</u>
	<u>118,208</u>	<u>162,990</u>
NET ASSETS		
Invested in capital assets	1,913	524
Unrestricted	<u>362,841</u>	<u>367,905</u>
	<u>364,754</u>	<u>368,429</u>
	<u>\$ 482,962</u>	<u>\$ 531,419</u>

CULTURAL HUMAN RESOURCES COUNCIL
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2012

	2012	2011
REVENUE (Schedule 1)	<u>\$ 1,393,144</u>	<u>\$ 2,064,383</u>
EXPENDITURE		
Amortization	430	225
Bank charges	3,198	3,349
Communications and marketing	27,703	28,805
Furniture, equipment and rentals	15,729	23,779
Insurance	3,948	6,449
Internship programs	414,273	590,371
Legal, accounting and audit	17,050	8,000
Occupancy and storage costs	67,640	64,515
Office supplies	16,424	27,301
Postage and courier	3,070	6,647
Printing and translation	55,917	58,041
Professional fees	135,550	487,378
Salaries, benefits and casual wages	397,628	422,606
Telecommunications	19,683	23,078
Travel and accommodation	218,576	298,131
Website redesign and development	-	1,023
	<u>1,396,819</u>	<u>2,049,698</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURE	<u><u>\$ (3,675)</u></u>	<u><u>\$ 14,685</u></u>

CULTURAL HUMAN RESOURCES COUNCIL

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2012

	<u>Invested In Capital Assets</u>	<u>Unrestricted</u>	<u>2012</u>	<u>2011</u>
NET ASSETS				
BALANCE, BEGINNING OF YEAR	\$ 524	\$ 367,905	\$ 368,429	\$ 353,744
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURE	<u>1,389</u>	<u>(5,064)</u>	<u>(3,675)</u>	<u>14,685</u>
BALANCE, END OF YEAR	<u>\$ 1,913</u>	<u>\$ 362,841</u>	<u>\$ 364,754</u>	<u>\$ 368,429</u>

CULTURAL HUMAN RESOURCES COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012

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

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 generally accepted accounting principles 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.

FINANCIAL ASSETS AND LIABILITIES

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value. Subsequently, financial assets and liabilities are measured and recognized as follows:

Held-for-trading financial assets and liabilities

Cash is classified as held-for-trading financial assets. It is measured at fair value and changes in fair value are recognized in the Statement Of Operations.

Available-for-sale financial assets

Short-term and long-term investments are classified as available-for-sale financial assets. They are measured at fair value and changes in fair value are recognized in the Statement Of Changes In Net Assets until these gains or losses are realized or a decline in value of the financial assets is other than temporary.

Loans and receivables and other financial liabilities

Accounts receivable is classified as loans receivable. It is measured at amortized cost using the effective interest method, less any impairments. Any changes in fair value are recognized in the Statement Of Operations. Accounts payable and accrued liabilities are classified as other financial liabilities. They are valued at amortized cost using the effective interest method.

CULTURAL HUMAN RESOURCES COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

MARCH 31, 2012

2. ACCOUNTING POLICIES (continued)

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.

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 30%.

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. INVESTMENTS

Investments consist of Guaranteed Investment Certificates bearing interest between 1.05% and 3.05% (1.05% to 3.05% - 2011) and maturing between August 2012 and August 2013.

4. CAPITAL ASSETS

	<u>2012</u>		<u>2011</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Computer hardware	<u>\$ 11,116</u>	<u>\$ 9,203</u>	<u>\$ 1,913</u>
			<u>\$ 524</u>

CULTURAL HUMAN RESOURCES COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)
MARCH 31, 2012

5. COMMITTED FUNDS

Funds from Human Resources and Skills Development Canada (HRSDC) and the Department of Canadian Heritage (DCH):

	<u>2012</u>	<u>2011</u>
HRSDC		
Balance, beginning of year	\$ 53,883	\$ 60,586
Contributions	1,141,789	1,857,537
Expenditures	<u>(1,195,672)</u>	<u>(1,864,240)</u>
Balance, end of year	<u>-</u>	<u>53,883</u>
DCH		
Balance, beginning of year	52,372	52,155
Contributions	172,841	172,675
Expenditures	<u>(172,841)</u>	<u>(172,458)</u>
Balance, end of year	<u>52,372</u>	<u>52,372</u>
Total balance, end of year	<u>\$ 52,372</u>	<u>\$ 106,255</u>

Committed funds represent excess funding over expenses in the various programs for the year ending March 31, 2012. According to the various funding agreements, these amounts can be carried forward to the subsequent fiscal period, except for agreements ending in the current fiscal period or for unspent funds which are returned to the funder.

6. CREDIT FACILITY

The Council has an authorized credit facility in the amount of \$50,000 which was not utilized as at March 31, 2012 and March 31, 2011. This facility which bears interest at the bank prime rate plus 1% (2011 - 1%) is secured by a general security agreement.

7. COMMITMENTS

The Council has future minimum operating lease commitments for office space and office equipment expiring between June 2012 and October 2013 which require lease payments of \$26,833. The minimum lease payments for the next two fiscal years are \$23,279 in 2013 and \$3,554 in 2014.

8. ECONOMIC DEPENDENCE

The Council's operations are significantly funded by contributions from HRSDC.

CULTURAL HUMAN RESOURCES COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

MARCH 31, 2012

9. 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.

10. STATEMENT OF CASH FLOWS

No Statement Of Cash Flows has been presented since principal operating, investing and financing activities may be readily apparent from the other financial statements and presenting such a statement would provide no additional information.

CULTURAL HUMAN RESOURCES COUNCIL

SCHEDULE OF REVENUES - Schedule 1

MARCH 31, 2012

	<u>2012</u>	<u>2011</u>
OPERATING		
Infrastructure agreement (7667959)	<u>\$ 483,524</u>	<u>\$ 508,329</u>
ANCILLARY AGREEMENTS		
<i>Transition from school to work programs</i>		
National Arts Training Contribution Program - DCH	172,841	172,675
Sectoral Youth Career Focus Program - HRSDC	307,597	488,410
<i>Industry strategy development</i>		
Impact of Digital Media	167,189	254,166
<i>Human resources strategies</i>		
Cultural Sector Human Resources Study	-	259,697
<i>Occupational analysis and promotion</i>		
Professional Standard for Riggers and Stage Technicians	-	19,790
Magazine Industries Human Resources Issues	105,816	223,223
<i>Course content development</i>		
Learning Resources	-	20,255
Pilot Workshop	114,643	81,023
	<u>868,086</u>	<u>1,519,239</u>
SELF-GENERATED		
Interest and other	4,925	7,318
Membership fees	30,589	26,831
Sales of products and services	6,020	2,666
	<u>41,534</u>	<u>36,815</u>
	<u>\$ 1,393,144</u>	<u>\$ 2,064,383</u>