



2007 • 2008 ANNUAL REPORT



Cultural
Human Resources
Council

Conseil
des ressources humaines
du secteur culturel



2007 • 2008 ANNUAL REPORT

PRESIDENT'S REPORT — *Annual General Meeting 2008*

Dear Colleagues,

2007/2008 has been a year of transition for CHRC, and the Council is coming through it renewed and revitalized. We are broadening our base beyond the self-employed and small and medium enterprises which have been the focus of our attention for several years, to include large cultural enterprises in the cultural industries.

In response to HRSDC's priority on large cultural industries with major economic and labour market impact, CHRC has overseen two major studies over the past year: one on Large Cultural Employers, and the other on the Newspaper industry. The objective of these important research pieces was to get a handle on who the large players are in the New Media, Film, Broadcasting, Publishing and Music industries; clarify their economic and labour market impacts; identify their HR issues; and determine how they might work with CHRC in the future.

CHRC also undertook a governance review in the light of this research to ensure that its overall governance infrastructure including Board and Committees adequately and fairly represents all parts of the cultural sector including large cultural employers.

As a result of this work, CHRC has built a Nomination Slate for the 2008/2009 Board which includes an equal number of employers and workers — one from each of the cultural industries and sub sectors. This includes 4 new Board positions: two for Broadcasting (employer and worker), and two for Film (employer and worker). The total number of Board positions is 16 elected (an employer and a worker for each of Film, Broadcasting, New Media, Music, Publishing, Live Performing Arts, Visual Arts and Crafts, and Heritage), and 3 appointed, to be filled by Board appointment on an as-needed basis.

There will be 10 new Board members in the coming year. To ensure a smooth transition, I will serve one more year as Chair, Bruce Porter as Secretary, and Ellen Busby as Treasurer.

Richard Hornsby
PRESIDENT

In order to strengthen its relationship with cultural organizations and associations, CHRC has stipulated that Board members will represent the organizations that nominate them. However, their role as Board members is twofold as they are also expected to speak on behalf of the broader employer or worker constituency in their industry / sub sector.

CHRC is proud of the Nomination Slate that it is putting before the members at the 2008 AGM, and enthusiastic about the work that we can accomplish together over the coming years with such a connected and distinguished team.

We look forward to 2008/2009 with great expectations.

2007 • 2008 ANNUAL REPORT

EXECUTIVE DIRECTOR'S REPORT — *Annual General Meeting 2008*

Dear Friends and Colleagues,

CHRC has been bursting with activity over the past year, as we pursue the development of cultural industry training strategies. These strategies are the result of a highly consultative and collaborative approach which CHRC facilitates and industry drives. Several highlights have marked our progress in 2007/2008.

In the Film and Television industry we were pleased and proud to convene the first meeting of the National Training Advisory Council of leaders and representatives of all parts of the industry. This Council is mandated to encourage the implementation of the recommendations in *Fast Forward*, a national training strategy in film and television. We were also pleased to convene a Roundtable of representatives of below-the-line workers and educators/ trainers to consider the findings and recommendations of a broad training gaps analysis for below-the-line positions. Finally, we added competency charts and profiles and training gaps analyses for film directors and film producers to the list of products available to Film and Television industry workers, employers and educators.

In the Music industry, CHRC led a series of regional consultations across the country to review and comment on a Strategy document for training in business skills in the industry. *The Business of Music*, a national training strategy, was then validated by industry leaders and educators at a Roundtable in March, laying the groundwork for the first meeting of the National Training Advisory Council for Music in June. Parallel to this activity was the development of competency charts and profiles and training gaps analyses for recorded music producers and booking agents which completes the suite of tools for the business of music, addressing the five following functions: Development/Marketing/Distribution, Music Publishing, Artist Management, Recorded Music Production, and Live Music Production (presenters, booking agents, and, in Quebec, producers).

We have embarked on a very interesting project with leaders in the New Media industry to develop a Technology Roadmap (TRM) for New Media Content Creation. The TRM will look at where NM Content Creation will be in 5 years and what steps need to be taken to maximize the opportunities of this flourishing industry. With an eye to the needs of large industry in all this, we have also kept our attention on the emerging and developing businesses in the industry by developing course content for "Setting up a New Media Business".

In Book Publishing, a Roundtable of book publishers and educators in late March considered training offerings and training needs for book publishers; and gave their final approval to content for a course on "Book Marketing in an Online World".

It has been a productive year, marked by active engagement from employers and workers in all the cultural industries, and significant commitments of time, energy and resources to achieve our goals.

We are grateful to our sector partners and to HRSDC in particular for their contributions which are having such a positive impact on human resources in the cultural sector.

Susan Annis
EXECUTIVE DIRECTOR

Cultural Human Resources Council
Financial Statements
March 31, 2008

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Auditors' Report

To the Members of
Cultural Human Resources Council

We have audited the statement of financial position of the Cultural Human Resources Council as at March 31, 2008 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Council'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 Council as at March 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canadian Corporation Act, these principles have been applied, except for the change in accounting policies as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding period.

Raymond Chabot Grant Thornton LLP

Chartered Accountants,
Licensed Public Accountants

Ottawa, Canada
May 28, 2008

Cultural Human Resources Council

Financial position

Year ended March 31, 2008

	<u>2008</u>	<u>2007</u>
	\$	\$
ASSETS		
Current assets		
Cash	671,084	383,369
Short-term investments (Note 4)	121,952	167,060
Accounts receivable	88,200	125,255
Prepaid expenses	10,561	7,268
	<u>891,797</u>	<u>682,952</u>
Long-term investments (Note 4)	72,471	60,122
Capital assets (Note 5)	1,527	2,181
	<u>965,795</u>	<u>745,255</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	349,467	350,635
Committed funds (Note 6)	292,139	110,879
Deferred revenue	18,088	4,430
	<u>659,694</u>	<u>465,944</u>
NET ASSETS		
Invested in capital assets	1,527	2,181
Unrestricted	304,574	277,130
	<u>306,101</u>	<u>279,311</u>
	<u>965,795</u>	<u>745,255</u>

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

Cultural Human Resources Council Operations

Year ended March 31, 2008

	<u>2008</u>	<u>2007</u>
	\$	\$
Revenue (Schedule 1)	<u>2,169,085</u>	<u>2,114,925</u>
Expenses		
Furniture, equipment and rentals	25,957	33,400
Internship programs	485,344	447,395
Legal, accounting and audit	14,300	12,175
Communications and marketing	36,234	40,292
Occupancy and storage costs	56,307	58,926
Insurance	3,240	4,479
Office and supplies	40,918	40,896
Postage and courier	10,175	13,482
Bad debts	204	12,298
Bank charges	3,516	3,555
Professional fees	434,922	398,355
Printing and translation	136,504	145,228
Salaries, benefits and casual wages	416,399	417,862
Telecommunications	25,346	22,054
Travel and accommodation	376,856	399,519
Website redesign and development	75,419	48,408
Amortization of capital assets	654	936
	<u>2,142,295</u>	<u>2,099,260</u>
Excess of revenue over expenses	<u>26,790</u>	<u>15,665</u>

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

Cultural Human Resources Council
Changes in net assets
 Year ended March 31, 2008

	2008		2007
	Invested in capital assets	Unrestricted	Total
	\$	\$	\$
Balance, beginning of year	2,181	277,130	263,646
Excess (deficiency) of revenue over expenditure	(654)	27,444	15,665
Balance, end of year	<u>1,527</u>	<u>304,574</u>	<u>279,311</u>

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

Cultural Human Resources Council

Notes to financial statements

Year ended March 31, 2008

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 CHANGES

On April 1, 2007, in accordance with the applicable transitional provisions, the Council applied the recommendations of new Section 1506, "Accounting Changes", of the *Canadian Institute of Chartered Accountants' Handbook*. This new section, effective for the years beginning on or after January 1, 2007, prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. Furthermore, the new standard requires the communication of the new primary sources of GAAP that are issued but not yet effective or not yet adopted by the Council. The new standard has no impact on the Council's financial results.

On April 1, 2007, in accordance with the applicable transitional provisions, the Council adopted the new recommendations in Sections 3855, "Financial Instruments – Recognition and Measurement", and 3861, "Financial Instruments – Disclosure and Presentation", of the *Canadian Institute of Chartered Accountants' Handbook*.

Sections 3855 and 3861 deal with the recognition, measurement, presentation and disclosure of financial instruments and non-financial derivatives in the financial statements. The transitional provisions of these sections require that the Council remeasure the financial assets and liabilities as appropriate at the beginning of its fiscal year. Any adjustment of the previous carrying amount is recognized as an adjustment of the balance of net assets at the beginning of the fiscal year of initial application. The financial statements of prior fiscal years are not restated.

Adoption of these new recommendations resulted in the following impacts on the classification and measurement of the Council's financial instruments, which were previously recognized at cost:

- Cash is classified as a held-for-trading financial asset. It is measured at fair value and changes in fair value are recognized on the statement of operations. This change had no impact on the financial statements as at March 31, 2008;
- Accounts receivable are classified as loans and receivables. Accounts receivable are measured at amortized cost, which is generally the initially recognized amount, less any allowance for doubtful accounts. This change had no impact on the financial statements as a March 31, 2008;
- The short-term and long-term investments are classified as available-for-sale investments. They are recognized at fair value and changes in fair value are recognized in the statement of changes in net assets until the investments are sold or are impaired. This change had no significant impact on the financial statements as at March 31, 2008;

Cultural Human Resources Council

Notes to financial statements

Year ended March 31, 2008

2 - ACCOUNTING CHANGES (Continued)

- Accounts payable and accrued liabilities are classified as other financial liabilities. They are measured at amortized cost using the effective interest method. This change had no impact on the financial statements as at March 31, 2008.

3 - ACCOUNTING POLICIES

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 financial statements. These estimates 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.

Capital assets

Capital assets are recorded at cost. Amortization is computed to amortize the cost of the assets less their residual values over their estimated useful lives, 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 Social 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.

4 - INVESTMENTS

Investments consist of Guaranteed Investment Certificates bearing interest between 4.11% and 4.86% (4.00% to 4.38% - 2007) and maturing between August 2008 and August 2009.

Cultural Human Resources Council

Notes to financial statements

Year ended March 31, 2008

5 - CAPITAL ASSETS

	2008		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>
	\$	\$	\$
Computer hardware	<u>9,297</u>	<u>7,770</u>	<u>1,527</u>
	2007		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>
	\$	\$	\$
Computer hardware	<u>9,297</u>	<u>7,116</u>	<u>2,181</u>

6 - COMMITTED FUNDS

Funds from HRSDC and other government agencies:

	<u>2008</u>	<u>2007</u>
	\$	\$
Balance, beginning of year	110,879	223,833
Contributions received	2,237,436	1,928,885
Expenditures incurred	<u>(2,056,176)</u>	<u>(2,041,839)</u>
Balance, end of year	<u>292,139</u>	<u>110,879</u>

Committed funds represent excess funding over expenses in the various programs for the year ending March 31, 2008. 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. As at March 31, 2008, an amount of \$64,111 (2007 - \$Nil) is required to be repaid to the funder.

7 - CREDIT FACILITY

The Council has an authorized credit facility in the amount of \$50,000 which was not utilized as at March 31, 2008. This facility which bears interest at the bank prime rate plus 1% is secured by a general security agreement.

8 - COMMITMENTS

The Council has future minimum operating lease commitments for office space and office equipment expiring between June 2008 and June 2010 which require lease payments of \$80,141. The minimum lease payments for the next three years are \$62,900 in 2009, \$16,855 in 2010 and \$386 in 2011. The office space lease renews on an annual basis.

9 - ECONOMIC DEPENDENCE

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

Cultural Human Resources Council

Notes to financial statements

Year ended March 31, 2008

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.

11 - FUTURE ACCOUNTING STANDARDS

In June 2007, the Canadian Institute of Chartered Accountants modified Section 1400, "General Standards of Financial Statement Presentation", in order to require that management make an assessment of the Council's ability to continue as a going concern over a period which is at least, but is not limited to, twelve months from the balance sheet date. These new requirements are effective for fiscal years beginning on or after January 1, 2008 and the Council will implement them as of April 1, 2008. The new requirements only address disclosures and will have no impact on the Council's financial results.

In December 2006, the Canadian Institute of Chartered Accountants published new Section 1535, "Capital Disclosures". The new section establishes standards for disclosing information about an entity's capital and how it is managed. This new standard is effective for fiscal years beginning on or after October 1, 2007 and the Council will implement it as of April 1, 2008. The new accounting standard only addresses disclosures and will have no impact on the Council's financial results.

In December 2006, the CICA published new Sections 3862, "Financial Instruments – Disclosures", and 3863, "Financial Instruments – Presentation", which establish standards for the presentation and disclosure of financial instruments and non-financial derivatives. These new standards are effective for fiscal years beginning on or after October 1, 2007 and the Council will implement them as of April 1, 2008. These place increased emphasis on disclosures concerning the nature and management of risk arising from financial instruments. The new requirements only address disclosure and will have no impact on the financial results.

Cultural Human Resources Council

Schedule of revenues - (Schedule 1)

Year ended March 31, 2008

	<u>2008</u>	<u>2007</u>
	\$	\$
Operating		
Infrastructure Agreement (4617965)	135,045	
Infrastructure Agreement (625624)	333,306	511,663
	<u>468,351</u>	<u>511,663</u>
Ancillary agreements		
<i>Transition from school to work programs</i>		
Building Careers In Heritage - DCH	168,813	166,203
Mentoring Youth In Culture	415,357	413,679
<i>Industry Strategy Development</i>		
Cultural Industries Training Strategies	581,563	
New Media Technology Roadmap	7,728	
<i>Career Paths</i>		
Careers in Culture Web Version		86,193
<i>Human Resources Strategies</i>		
Education Links	11,548	245,460
<i>Occupational analysis and promotion</i>		
Competencies and Training Gaps Analyses		173,048
Competencies, Tools and Training Gaps Analyses	146,711	301,235
<i>Culture labour market analysis and promotion</i>		
Cultural Sector Representation	136,676	1,248
LMI Built Heritage Labour Force Survey	133	56,114
<i>Curriculum development</i>		
The Art of Managing Your Career Enhancement	129,273	69,778
	<u>1,597,802</u>	<u>1,512,958</u>
Self-generated		
Grants	71,885	50,833
Interest and other	10,573	7,249
Membership fees	13,885	22,465
Sales of products and services	6,589	9,757
	<u>102,932</u>	<u>90,304</u>
	<u>2,169,085</u>	<u>2,114,925</u>