



Cultural
Human Resources
Council

Conseil
des ressources humaines
du secteur culturel



2012 – 2013 ANNUAL
REPORT

Richard Hornsby
PRESIDENT

Over the past 12 months, since our successful HR Forum in Toronto at this time last year, CHRC has been slowly shifting course as we move into a new era, post-HRSDC operational funding. While the business model is changing, the mandate remains the same: CHRC continues to be a national unique voice for artists, employers and cultural workers across the sector and across the country.

The Board, reduced in size at AGM 2012, has been actively engaged in steering the Council, and, with the new Advisory Committee, has kept CHRC well connected to the sector. CHRC's staff is firmly at the helm, actively responsive to needs and ready to explore opportunities to keep CHRC relevant to its constituency.

We are encouraged by the ongoing support we are receiving from our community, and on that basis we are moving forward with confidence and commitment.

Our main revenue streams are from membership fees, product sales, the administration of projects (such as DCH's *Young Canada Works* youth internship program), and our job board, *Cultureworks.ca*.

Collaboration is a key word for CHRC as a *modus operandi*. We no longer have special priority as a sector council to access HRSDC funding for HR issues. However, we do bring to any table where we are a partner, years of experience, HR expertise, contacts and resources on a national basis.

Our focus continues to be on developing and disseminating resources and tools to artists and cultural workers to help them acquire the specific skills they need to be successful in their cultural occupation of choice. This includes building bridges to educational institutions to ensure that they are preparing emerging artists and cultural workers to meet employer/industry needs; and supporting professional development initiatives that will help the already highly skilled cultural workforce meet 21st century demands for cultural goods and services.

We are proud and grateful to be an active partner in these efforts and to continue to offer our leadership to arts and culture in Canada.

2012/2013 has been a year of transition, with the closing down of HRSDC's Sector Council Program. We have moved away from a business model dependent on HRSDC funding to one that is totally reliant on self-generated revenue.

In preparing for the change, we have reduced the size of our Board and added a new Advisory Committee to ensure continued connectedness with and representation of the sector. We have moved our offices to a smaller location in the heart of Ottawa's business district. We have streamlined the staff structure to 4 key positions, with greater reliance on contracting.

Susan Annis
EXECUTIVE
DIRECTOR

What remains the same are our strong membership base, our networks across the country, and our quality products developed by and for the sector.

Our website also remains - as one of our greatest assets. We have "tweaked" it to make navigation easier in terms of access to products and product sales. It has been further enriched by the updated Cultureworks.ca job board which is becoming increasingly popular as a "go to" site for jobs in the cultural sector.

We have also been working hard with our partners at Knightsbridge to bring the e-learning modules of *The Art of Managing Your Career* to fruition. They are pretty impressive. We're packaging them now and will be releasing them this fall – another way for self-employed artists and cultural workers to access the business skills they need to make a living from their art.

Finally, in the spirit of renewal and with the support of the Canada Council, we are updating the discipline enhancements of *The Art of Managing Your Career*.

With careful management, inspired leadership and your ongoing support CHRC will continue to be the unique national voice for the cultural sector on HR issues that you have come to know and rely on.

CULTURAL HUMAN RESOURCES COUNCIL
FINANCIAL STATEMENTS
MARCH 31, 2013

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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, 2013, 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 **CULTURAL HUMAN RESOURCES COUNCIL** as at March 31, 2013, and its financial performance for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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

Ottawa, Ontario
September 13, 2013

CULTURAL HUMAN RESOURCES COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2013

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT		
Cash	\$ 151,982	\$ 46,273
Accounts receivable	89,345	166,097
Prepaid expenses	<u>1,617</u>	<u>2,752</u>
	242,944	215,122
LONG-TERM INVESTMENTS (Note 4)	292,255	265,927
CAPITAL ASSETS (Note 5)	<u>1,339</u>	<u>1,913</u>
	<u>\$ 536,538</u>	<u>\$ 482,962</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 10,132	\$ 43,567
Committed funds (Note 6)	57,484	52,372
Deferred revenue	<u>22,254</u>	<u>22,269</u>
	<u>89,870</u>	<u>118,208</u>
NET ASSETS		
Invested in capital assets	1,339	1,913
Unrestricted	<u>445,329</u>	<u>362,841</u>
	<u>446,668</u>	<u>364,754</u>
	<u>\$ 536,538</u>	<u>\$ 482,962</u>

CULTURAL HUMAN RESOURCES COUNCIL
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2013

	<u>2013</u>	<u>2012</u>
REVENUE (Schedule 1)	<u>\$ 1,538,548</u>	<u>\$ 1,393,144</u>
EXPENDITURE		
Amortization	574	430
Bank charges	3,311	3,198
Communications and marketing	37,732	27,703
Furniture, equipment and rentals	25,390	15,729
Insurance	3,948	3,948
Internship programs	441,349	414,273
Legal, accounting and audit	12,500	17,050
Occupancy and storage costs	49,665	67,640
Office supplies	18,168	16,424
Postage and courier	1,545	3,070
Printing and translation	12,131	55,917
Professional fees	291,850	135,550
Salaries, benefits and casual wages	363,241	397,628
Telecommunications	22,644	19,683
Travel and accommodation	167,001	218,576
Website redesign and development	<u>5,585</u>	<u>-</u>
	<u>1,456,634</u>	<u>1,396,819</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u>\$ 81,914</u>	<u>\$ (3,675)</u>

CULTURAL HUMAN RESOURCES COUNCIL

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2013

	<u>Invested In Capital Assets</u>	<u>Unrestricted</u>	<u>2013</u>	<u>2012</u>
NET ASSETS				
BALANCE, BEGINNING OF YEAR	\$ 1,913	\$ 362,841	\$ 364,754	\$ 368,429
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u>(574)</u>	<u>82,488</u>	<u>81,914</u>	<u>(3,675)</u>
BALANCE, END OF YEAR	<u>\$ 1,339</u>	<u>\$ 445,329</u>	<u>\$ 446,668</u>	<u>\$ 364,754</u>

CULTURAL HUMAN RESOURCES COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2013

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditure for the year	\$ 81,914	\$ (3,675)
Items not requiring an outlay of cash:		
Amortization	574	430
	<u>82,488</u>	<u>(3,245)</u>
Net change to non-cash items related to operations:		
Accounts receivable	76,752	(15,119)
Prepaid expenses	1,135	4,554
Accounts payable and accrued liabilities	(33,435)	(10,922)
Committed funds	5,112	(33,580)
Deferred revenue	(15)	(280)
	<u>49,549</u>	<u>(55,347)</u>
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Acquisition of capital assets	-	(1,819)
Investments, net	(26,328)	(49,050)
	<u>(26,328)</u>	<u>(50,869)</u>
NET INCREASE (DECREASE) IN CASH	105,709	(109,461)
CASH, BEGINNING OF YEAR	<u>46,273</u>	<u>155,734</u>
CASH, END OF YEAR	<u>\$ 151,982</u>	<u>\$ 46,273</u>

CULTURAL HUMAN RESOURCES COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

1. ADOPTION OF CANADIAN ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective April 1, 2012, the organization adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting Part III, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations (ASNFPO). Organizations that adopt Part III of the Handbook also adopt the accounting standards for private enterprises (ASPE; Part II of the CICA Handbook) to the extent accounting standards are not specifically addressed in Part III. These are the organization's first financial statements prepared in accordance with ASNFPO which has been applied retrospectively. The accounting policies set out in the significant accounting policy note below have been applied in preparing these financial statements for the year ended March 31, 2013, and the comparative information presented in these financial statements for the year ended March 31, 2012. Management has determined the changes to the financial statements resulting from the adoption of ASNFPO are not material and thus have not presented an opening statement of financial position as at April 1, 2011 (the organization's date of transition).

The organization issued financial statements for the year ended March 31, 2012 using Canadian generally accepted accounting principles prescribed by CICA Handbook - Accounting Part V. The adoption of ASNFPO had no impact on the previously reported assets, liabilities, or net assets of the organization, and accordingly, no adjustments have been recorded in the comparative statements of financial position, operations, changes in net assets, and cash flows. Certain of the organization's disclosures included in these financial statements reflect the new disclosure requirements of ASNFPO.

2. 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.

3. 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 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.

CULTURAL HUMAN RESOURCES COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

MARCH 31, 2013

3. 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.

4. INVESTMENTS

Investments consist of Guaranteed Investment Certificates bearing interest between 1.25% and 3.05% (1.05% to 3.05% - 2012) and maturing between June 2013 and September 2013.

5. CAPITAL ASSETS

	<u>2013</u>		<u>2012</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Computer hardware	<u>\$ 11,116</u>	<u>\$ 9,777</u>	<u>\$ 1,339</u>
			<u>\$ 1,913</u>

CULTURAL HUMAN RESOURCES COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

MARCH 31, 2013

6. COMMITTED FUNDS

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

	<u>2013</u>	<u>2012</u>
HRSDC		
Balance, beginning of year	\$ -	\$ 53,883
Contributions	1,375,501	1,141,789
Expenditures	<u>(1,373,403)</u>	<u>(1,195,672)</u>
Balance, end of year	<u>2,098</u>	<u>-</u>
DCH		
Balance, beginning of year	52,372	52,372
Contributions	175,819	172,841
Expenditures	<u>(172,805)</u>	<u>(172,841)</u>
Balance, end of year	<u>55,386</u>	<u>52,372</u>
Total balance, end of year	<u>\$ 57,484</u>	<u>\$ 52,372</u>

Committed funds represent excess funding over expenses in the various programs for the year ending March 31, 2013. 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.

7. CREDIT FACILITY

The Council has an authorized credit facility in the amount of \$50,000 which was not utilized as at March 31, 2013 and March 31, 2012. This facility which bears interest at the bank prime rate plus 1% (2012 - 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 October 2013 and December 2014 which require lease payments of \$35,252. The minimum lease payments for the next two fiscal years are \$27,406 in 2014 and \$7,846 in 2015.

9. 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, 2013

10. 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, 2013

	<u>2013</u>	<u>2012</u>
OPERATING		
Infrastructure agreement (7667959)	<u>\$ 489,368</u>	<u>\$ 483,524</u>
ANCILLARY AGREEMENTS		
<i>Transition from school to work programs</i>		
National Arts Training Contribution Program - DCH	174,312	172,841
Sectoral Youth Career Focus Program - HRSDC	331,010	307,597
<i>Industry strategy development</i>		
Impact of Digital Media	-	167,189
<i>Occupational analysis and promotion</i>		
Magazine Industries Human Resources Issues	-	105,816
<i>Cultural Labour Market Information</i>		
Labour Market Information	476,625	-
<i>Course content development</i>		
Pilot Workshop	-	114,643
	<u>981,947</u>	<u>868,086</u>
SELF-GENERATED		
Grants	3,000	-
Interest and other	4,514	4,925
Membership fees	30,423	30,589
Sales of products and services	29,296	6,020
	<u>67,233</u>	<u>41,534</u>
	<u>\$ 1,538,548</u>	<u>\$ 1,393,144</u>