



Cultural
Human Resources
Council

Conseil
des ressources humaines
du secteur culturel



2013 – 2014 ANNUAL
REPORT

The Cultural Human Resources Council (CHRC) continues to occupy a unique place in Canada's cultural landscape as the only national cultural organization that represents the full gamut of the sector, and as the only national voice on cultural HR issues.

Our modus operandi continues to be collaboration with our sector partners. Our Provincial and Territorial Advisory Committee (PATAC) is a bright example of ongoing collaboration that keeps us connected with, and helps connect, all parts of the country and sector.

Richard Hornsby
PRESIDENT

Our product focus is increasingly in the areas of cultural management and business skills for the self-employed. This is familiar territory for CHRC. By reason of our make-up, expertise and experience with management and business skills, the Council has been able to provide leadership in these areas over many years - and it is as relevant and pressing now as it was a decade ago. *The Art of Managing Your Career* with its educational resources and newly revised discipline enhancements, as well as our cultural HR management resources, are helpful tools for self-employed artists and managers in all the sub-sectors. The Young Canada Works Building Careers in Heritage internship program which we administer on behalf of the Department of Canadian Heritage, provides real work experiences for emerging cultural managers.

We continue to work with academic institutions such as Banff, Ryerson, Ottawa University and the Canadian Association of Arts Administration Educators (CAAAE) to build bridges between "industry" and educators – this has been a primary CHRC objective since the Council was formed in 1995. It is essential that educational institutions understand the current needs of the rapidly evolving arts and cultural industries, and prepare the emerging workforce accordingly.

Our dedicated Board of leaders from all the sub-sectors continues to provide solid counsel, guiding CHRC forward in yet uncharted waters. Our staff of experienced and highly qualified individuals is "manning" the boat. We are in good hands!

But absolutely critical to our success are you, our members. Thank you for your support!

At the last AGM, I wrote about CHRC's "strong membership base, our networks across the country, and our quality products developed by and for the sector". I also heralded our Web site "as one of our greatest assets".

Over the past year these have indeed proven to be CHRC's strengths....

Through its steady support, our membership demonstrates its belief in our mission "*to strengthen the Canadian cultural workforce by providing leadership and innovative solutions to human resource issues and to better the HR environment within the cultural sector*".

As for our networks, our Provincial and Territorial Advisory Committee (PATAC) has been our strongest and most dynamic over the past year. Our quarterly teleconferences shine a light on the fruitful HR related activity at the provincial and territorial levels to support artists and cultural workers. They also allow for information exchanges and sharing that are mutually beneficial for all the "PATACians" – and CHRC!

Our most exciting moment in terms of products was the release of the revised discipline enhancements for *The Art of Managing Your Career*, with support from the Canada Council for the Arts. Written by practicing professionals with a practical and pragmatic bent, these hugely helpful documents have been very well received across the sector.

The navigation for our website has been subtly revised to make it easy to access our wide array of products as an artist or cultural worker, employer, educator, trainer or high school teacher. And *Cultureworks.ca* is increasingly known as a "go-to" job board for the cultural sector.

Among this year's events, participating in the Canadian Arts Summit in Banff was a highlight for us. It was a pleasure to become better acquainted with our colleagues at Banff and Business for the Arts who spearheaded the Summit.

In terms of steady progress, being a part of the Culture Statistics Consortium which is overseeing the development of the first report from the Culture Satellite Account is at the top of our list. The report will be released in September.

We continue to receive encouragement from the sector, and remain convinced of the importance of the unique contribution that CHRC makes as the only national cross-sector cultural organization in Canada.

Thank you for your ongoing support!

Susan Annis
EXECUTIVE DIRECTOR

CULTURAL HUMAN RESOURCES COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2014

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PARKER PRINS LEBANO
Chartered 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, 2014, 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, 2014, 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 7 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 the 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 Accountants Professional Corporation
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

Ottawa, Ontario
June 25, 2014

CULTURAL HUMAN RESOURCES COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT		
Cash	\$ -	\$ 151,982
Accounts receivable	20,920	68,688
GST/HST receivable	15,653	20,657
Prepaid expenses	<u>481</u>	<u>1,617</u>
	37,054	242,944
LONG-TERM INVESTMENTS (Note 3)	297,622	292,255
CAPITAL ASSETS (Note 4)	<u>937</u>	<u>1,339</u>
	<u>\$ 335,613</u>	<u>\$ 536,538</u>
LIABILITIES		
CURRENT		
Bank indebtedness	\$ 1,315	\$ -
Accounts payable and accrued liabilities	3,250	10,132
Source deductions payable	2,948	-
Committed funds (Note 5)	-	57,484
Deferred revenue	<u>18,421</u>	<u>22,254</u>
	<u>25,934</u>	<u>89,870</u>
NET ASSETS		
Invested in capital assets	937	1,339
Unrestricted	<u>308,742</u>	<u>445,329</u>
	<u>309,679</u>	<u>446,668</u>
	<u>\$ 335,613</u>	<u>\$ 536,538</u>

CULTURAL HUMAN RESOURCES COUNCIL
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
REVENUE (Schedule 1)	\$ 311,942	\$ 1,538,548
EXPENDITURE		
Amortization	402	574
Bad debts	250	-
Bank charges	3,336	3,311
Communications and marketing	8,488	37,732
Furniture, equipment and rentals	3,832	25,390
Insurance	2,780	3,948
Internship programs	146,850	441,349
Legal, accounting and audit	6,407	12,500
Occupancy and storage costs	23,454	49,665
Office supplies	5,052	18,168
Postage and courier	1,795	1,545
Printing and translation	9,978	12,131
Professional fees	25,067	291,850
Salaries, benefits and casual wages	182,463	363,241
Telecommunications	8,923	19,444
Travel and accommodation	17,938	167,001
Website redesign and development	<u>1,916</u>	<u>8,785</u>
	<u>448,931</u>	<u>1,456,634</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURE	\$ (136,989)	\$ 81,914

CULTURAL HUMAN RESOURCES COUNCIL

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2014

	Invested In Capital Assets	Unrestricted	2014	2013
NET ASSETS				
BALANCE, BEGINNING OF YEAR	\$ 1,339	\$ 445,329	\$ 446,668	\$ 364,754
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURE	<u>(402)</u>	<u>(136,587)</u>	<u>(136,989)</u>	<u>81,914</u>
BALANCE, END OF YEAR	<u>\$ 937</u>	<u>\$ 308,742</u>	<u>\$ 309,679</u>	<u>\$ 446,668</u>

CULTURAL HUMAN RESOURCES COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
CASH FLOWS (USED FOR) FROM OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenditure for the year	\$ (136,989)	\$ 81,914
Items not requiring an outlay of cash:		
Amortization	<u>402</u>	<u>574</u>
	<u>(136,587)</u>	<u>82,488</u>
Net change to non-cash items related to operations:		
Accounts receivable	47,768	19,016
GST/HST receivable	5,004	57,736
Prepaid expenses	1,136	1,135
Accounts payable and accrued liabilities	(6,882)	(33,435)
Source deductions payable	2,948	-
Committed funds	(57,484)	5,112
Deferred revenue	<u>(3,833)</u>	<u>(15)</u>
	<u>(11,343)</u>	<u>49,549</u>
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Investments, net	<u>(5,367)</u>	<u>(26,328)</u>
NET (DECREASE) INCREASE IN CASH	(153,297)	105,709
CASH, BEGINNING OF YEAR	<u>151,982</u>	<u>46,273</u>
(BANK INDEBTEDNESS) CASH, END OF YEAR	<u>\$ (1,315)</u>	<u>\$ 151,982</u>

CULTURAL HUMAN RESOURCES COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

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, 2014

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 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 1.10% and 1.75% (1.25% to 3.05% - 2013) and maturing between September 2014 and January 2015.

4. CAPITAL ASSETS

	2014		2013
	Cost	Accumulated Amortization	Net Book Value
Computer hardware	\$ 11,116	\$ 10,179	\$ 937
			\$ 1,339

5. COMMITTED FUNDS

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

	2014	2013
HRSDC		
Balance, beginning of year	\$ 2,098	\$ -
Contributions	-	1,375,501
Expenditures	(2,098)	(1,373,403)
Balance, end of year	-	2,098
DCH		
Balance, beginning of year	55,386	52,372
Contributions	176,000	175,819
Expenditures	(231,386)	(172,805)
Balance, end of year	-	55,386
Total balance, end of year	\$ -	\$ 57,484

CULTURAL HUMAN RESOURCES COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

MARCH 31, 2014

5. COMMITTED FUNDS (continued)

Committed funds represent excess funding over expenses in the various programs for the year ending March 31, 2014. 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. COMMITMENTS

The Council has future minimum operating lease commitments for the office space expiring on December 30, 2014 which require lease payments of \$22,135.

7. 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.

8. 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.

CULTURAL HUMAN RESOURCES COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)
MARCH 31, 2014

8. FINANCIAL INSTRUMENTS (continued)

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.

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current financial statement presentation.

CULTURAL HUMAN RESOURCES COUNCIL

SCHEDULE OF REVENUES - Schedule 1

MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
OPERATING		
Infrastructure agreement (7667959)	\$ -	\$ 489,368
ANCILLARY AGREEMENTS		
<i>Transition from school to work programs</i>		
National Arts Training Contribution Program - DCH	231,389	174,312
Sectoral Youth Career Focus Program - HRSDC	-	331,010
<i>Cultural Labour Market Information</i>		
Labour Market Information	-	476,625
	<u>231,389</u>	<u>981,947</u>
SELF-GENERATED		
Grants	24,000	3,000
Interest and other	6,636	4,514
Membership fees	29,918	30,423
Sales of products and services	19,999	29,296
	<u>80,553</u>	<u>67,233</u>
	<u>\$ 311,942</u>	<u>\$ 1,538,548</u>