



2008 • 2009 ANNUAL REPORT



Cultural
Human Resources
Council

Conseil
des ressources humaines
du secteur culturel

PRESIDENT'S REPORT — *Annual General Meeting 2009*

Dear Colleagues,

As I sign off as Chair of CHRC after 7 years, I am given to reflecting on more than just the past year — in fact on the progress that CHRC has made since I first joined the Board in 1998, and became President in 2002.

CHRC devoted many of its resources in its early years to meeting the needs of self-employed artists. *The Art of Managing Your Career* (2002) was one of the Council's first publications and, now with a Teacher's Guide, discipline enhancements, and a recent update (to be released at AGM 2009), it remains a valuable resource for artists and cultural workers across the country.

While continuing to be responsive to the needs of self-employed artists through its projects, CHRC's focus shifted over the intervening years to address the needs of cultural industries. We have led the development of industry strategies for Film and Television, and Music and Sound Recording; and established industry-led National Training Advisory Councils for both industries. We have also developed a Digital Media Content Creation Technology Roadmap to project the needs of DM content creators in the next five years.

CHRC has more recently directed its attention to cultural employers. This was reflected in an in depth Board governance review last year; and a significant turnover in Board membership to ensure balanced representation of employers and workers from the eight sub sectors.

Another major focus for CHRC when I joined the Board was a Cultural HR Study, co-sponsored by DCH and HRSDC, which was produced in 2002 as *Face of the Future*. Now, seven years later, we are undertaking an update of this work. I am pleased to be chairing the Steering Committee that is overseeing this important project, and to be working with the Conference Board of Canada as the consultants. We are in the thick of it now, doing the Labour Market Information research of Phase 1, and preparing for the consultations and analysis that are part of Phase 2. This second Cultural HR Study will be released in June 2010.

Richard Hornsby
PRESIDENT

It has been a pleasure and an honour to serve as your President over seven years. I will continue to be involved as Past Chair and as Chair of the Cultural Sector HR Study Steering Committee, while carrying on my own career as a performing musician and educator, and strong advocate of a cultural sector council in my home province of New Brunswick.

Thank you for your support and commitment.

EXECUTIVE DIRECTOR'S REPORT — *Annual General Meeting 2009*

Dear Friends,

The past year has been productive in terms of work accomplished, and momentous in terms of laying the groundwork for new directions for CHRC.

By way of a brief summary, here are some of our 2008/2009 initiatives:

Film and Television

- Meeting of the National Training Advisory Council for Film and Television
- Meetings of the Regional Training Organizations
- Development of course outlines for Set Etiquette and Set Safety Awareness which have received approval from most jurisdictions
- Development of course content for Business Skills for Producers
- Development of course content for Production Accounting

Music and Sound Recording

- Meeting of the National Training Advisory Council for Music
- Meeting of the NTAC's Education Committee
- Development of course content for Marketing Skills for the Music Industry

Magazine Publishing

- Compensation Survey for Magazine Publishers

Digital Media

- Development of a Technology Roadmap for Digital Media Content Creation

Looking forward, we are fully engaged in a second Cultural Sector HR Study which is being undertaken by the Conference Board of Canada, under the direction of a Cultural Sector Steering Committee. The sector will be widely consulted over the coming months, and much Labour Market Information will be compiled to paint a clear picture of the cultural sector workforce and its HR needs. This Study will be released in June 2010 — at our AGM this time next year. It will contain important findings to guide CHRC's work in the years to come.

On a more personal note, I join Board and staff in saying a fond farewell to Brigitte Clavette, who has been the representative for Visual Arts and Crafts for 2 terms, and our resident jeweler (several of us are adorned by lovely Clavette necklaces and earrings!).

We also bid good bye and salute three extraordinary Board members, Richard Hornsby, Bruce Porter and Mark Melymick, who have each served CHRC for over a decade.

Mark has brought passion and energy to the Board table as a representative of ACTRA, and also member of WGC and Equity. Performer, television actor and educator at Sheridan's Performing Arts Programme, he has advocated for emerging and self-employed artists at every CHRC meeting — without fail!

Bruce's steady thoughtful wisdom, editorial eagle eye as Secretary to the Board, deep understanding of governance, dedication to working artists, and wonderful sense of humour have lightened and enlightened Executive and Board discussions for many years.

Richard's commitment as Chair over the past seven years has been without equal. He has led the Council with a steady hand through often murky and even turbulent waters. CHRC has benefited enormously from his steady hand on the tiller, his passion for the arts, his personal understanding of the needs of self-employed artists, his role as an educator, and his broad knowledge of the cultural industries.

I have personally benefited from having these remarkable individuals as friends and colleagues and I will miss them.

We wish them all well — and hope their commitments to CHRC will remain strong!

Susan Annis
EXECUTIVE DIRECTOR

Cultural Human Resources Council
Financial Statements
March 31, 2009

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Raymond Chabot Grant Thornton

Auditors' Report

To the Members of
Cultural Human Resources Council

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We have audited the statement of financial position of the Cultural Human Resources Council as at March 31, 2009 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, 2009 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
June 4, 2009

Cultural Human Resources Council

Financial position

31 mars 2009

	<u>2009</u>	<u>2008</u>
	\$	\$
ASSETS		
Current assets		
Cash	341 288	671 084
Short-term investments (Note 4)	92 897	121 952
Accounts receivable	59 402	88 200
Prepaid expenses	5 450	10 561
	<u>499 037</u>	891 797
Long-term investments (Note 4)	176 522	72 471
Capital assets (Note 5)	1 069	1 527
	<u>676 628</u>	<u>965 795</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	218 385	349 467
Committed funds (Note 6)	87 001	292 139
Deferred revenue	17 626	18 088
	<u>323 012</u>	<u>659 694</u>
NET ASSETS		
Invested in capital assets	1 069	1 527
Unrestricted	352 547	304 574
	<u>353 616</u>	<u>306 101</u>
	<u>676 628</u>	<u>965 795</u>

The accompanying notes and schedule 1 are an integral part of the financial statements.

Cultural Human Resources Council Operations

Year ended March 31, 2009

	<u>2009</u>	<u>2008</u>
	\$	\$
Revenue (Schedule 1)	<u>1,779,507</u>	<u>2,169,085</u>
Expenses		
Furniture, equipment and rentals	23,623	25,957
Internship programs	348,539	485,344
Legal, accounting and audit	13,900	14,300
Communications and marketing	30,997	36,234
Occupancy and storage costs	59,053	56,307
Insurance	4,450	3,240
Office and supplies	27,385	40,918
Postage and courier	6,672	10,175
Bad debts	84	204
Bank charges	3,047	3,516
Professional fees	334,883	434,922
Printing and translation	139,545	136,504
Salaries, benefits and casual wages	383,664	423,589
Telecommunications	18,891	25,346
Travel and accommodation	326,074	376,856
Website redesign and development	10,727	68,229
Amortization of capital assets	458	654
	<u>1,731,992</u>	<u>2,142,295</u>
Excess of revenue over expenses	<u>47,515</u>	<u>26,790</u>

The accompanying notes and schedule 1 are an integral part of the financial statements.

Cultural Human Resources Council

Changes in net assets

Year ended March 31, 2009

	2009		2008
	Invested in capital assets	Unrestricted	Total
	\$	\$	\$
Balance, beginning of year	1,527	304,574	279,311
Excess (deficiency) of revenue over expenditure	(458)	47,973	26,790
Balance, end of year	<u>1,069</u>	<u>352,547</u>	<u>306,101</u>

The accompanying notes and schedule 1 are an integral part of the financial statements.

Cultural Human Resources Council

Notes to financial statements

March 31, 2009

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 CHANGE

On April 1, 2008, in accordance with the applicable transitional provisions, the Council applied the recommendations of modified Section 1400, "General Standards of Financial Statement Presentation", of the *Canadian Institute of Chartered Accountants' Handbook*. This new section, effective for the years beginning on or after January 1, 2008, 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. This new requirement only addresses disclosures and will have no impact on the Council's financial results.

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 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, 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.

Cultural Human Resources Council

Notes to financial statements

March 31, 2009

3 - ACCOUNTING POLICIES (Continued)

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 asset 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 value at amortized cost using the effective interest method.

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 values over its 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.

Cultural Human Resources Council

Notes to financial statements

March 31, 2009

4 - INVESTMENTS

Investments consist of Guaranteed Investment Certificates bearing interest between 1.60% and 4.86% (4.11% to 4.86% - 2008) and maturing between August 2009 and March 2011.

5 - CAPITAL ASSETS

	2009		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Computer hardware	<u>9,297</u>	<u>8,228</u>	<u>1,069</u>
	2008		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Computer hardware	<u>9,297</u>	<u>7,770</u>	<u>1,527</u>

6 - COMMITTED FUNDS

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

	<u>2009</u>	<u>2008</u>
	\$	\$
<u>HRSDC</u>		
Balance, beginning of year	213,737	48,464
Contributions received	1,236,124	2,052,636
Expenditures incurred	<u>(1,441,262)</u>	<u>(1,887,363)</u>
Balance, end of year	<u>8,599</u>	<u>213,737</u>
<u>DCH</u>		
Balance, beginning of year	78,402	62,415
Contributions received	158,400	184,800
Expenditures incurred	<u>(158,400)</u>	<u>(168,813)</u>
Balance, end of year	<u>78,402</u>	<u>78,402</u>
Total balance, end of year	<u>87,001</u>	<u>292,139</u>

Committed funds represent excess funding over expenses in the various programs for the year ending March 31, 2009. 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, 2009, an amount of \$87,001 (2008 - \$64,111) is required to be repaid to the funder.

Cultural Human Resources Council

Notes to financial statements

March 31, 2009

7 - CREDIT FACILITY

The Council has an authorized credit facility in the amount of \$50,000 which was not utilized as at March 31, 2009 and March 31, 2008. This facility which bears interest at the bank prime rate plus 1% (5.15%, 7.02% in 2008) 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 2009 and October 2012 which require lease payments of \$79,718. The minimum lease payments for the next three years are \$61,675 in 2010, \$15,326 in 2011 and \$2,717 in 2012. The office space lease renews on an annual basis.

9 - ECONOMIC DEPENDENCE

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

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 expose the Council to limited credit risk.

Interest rate risk

The Council is exposed to interest rate risk as a result of short-term floating rate 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 fulfil its obligations.

Cultural Human Resources Council

Notes to financial statements

March 31, 2009

10 - FINANCIAL INSTRUMENTS (Continued)

Short-term financial instruments

The fair value of short-term financial assets and liabilities approximates their carrying amount given that they will mature shortly.

11 - 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.

12 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

13 - FUTURE ACCOUNTING STANDARDS

In September 2008, the Canadian Institute of Chartered Accountants (CICA) amended the introduction to accounting standards that apply only to not-for-profit organizations and several sections in the 4400 series as well as consequential changes to other sections of the CICA Handbook. The main changes affect the following, in particular:

- Inclusion of not-for-profit organizations within the scope of sections 1540, "Cash Flow Statements", and 1751, "Interim Financial Statements";
- Elimination of the requirement to treat net assets invested in capital assets as a separate component of net assets;
- Amendments to clarify that revenues and expenses must be recognized and presented on a gross basis when the not-for-profit organization is acting as a principal in the transactions in question;
- Inclusion of additional guidance with respect to the appropriate use of the scope exemption in Section 4430, "Capital Assets Held by Not-for-profit Organizations", for smaller entities.

The CICA also published new Section 4470, "Disclosure of Allocated Expenses by Not-for-profit Organizations", which establishes disclosure standards for the not-for-profit organization that classifies its expenses by function and allocates expenses to a number of functions to which the expenses relate.

These changes are effective for fiscal years beginning on or after January 1, 2009 and the Council will implement them as of April 1, 2009. The Council's management is not able to measure the impact that the application of these changes will have on the financial statements.

Cultural Human Resources Council

Notes to financial statements

March 31, 2009

13 - FUTURE ACCOUNTING STANDARD (Continued)

In December 2006, the Canadian Institute of Chartered Accountants published Section 1535, "Capital Disclosures", and amended it in July 2008 to exempt non-publicly accountable enterprises from certain of the requirements in the section. The section requires that such enterprises, with externally imposed capital requirements, disclose information that enables users of their financial statements to evaluate the effect of those requirements. This new standard is effective for fiscal years beginning on or after August 1, 2008 and the Council will implement it as of April 1, 2009. The new accounting standard only addresses disclosures and will have no impact on the Council's financial results.

Cultural Human Resources Council

Schedule of revenues - (Schedule 1)

March 31, 2009

	<u>2009</u>	<u>2008</u>
	\$	\$
Operating		
Infrastructure Agreement (4617965)	469,260	135,045
Infrastructure Agreement (625624)		333,306
	<u>469,260</u>	<u>468,351</u>
Ancillary agreements		
<i>Transition from school to work programs</i>		
Building Careers In Heritage - DCH		168,813
Mentoring Youth In Culture - HRSDC	(801)	415,357
Sectoral Youth Career Focus Program - HRSDC	243,231	
National Arts Training Contribution Program - DCH	164,478	
<i>Industry strategy development</i>		
Cultural Industries Training Strategies	125,663	581,563
New Media Technology Roadmap	91,294	7,728
Cultural Industries Training Strategies 2	563,530	
<i>Human resources strategies</i>		
Education Links		11,548
Cultural Sector Human Resources Study	3,226	
<i>Occupational analysis and promotion</i>		
Competencies, Tools and Training Gaps Analyses		146,711
<i>Culture labour market analysis and promotion</i>		
Cultural Sector Representation		136,676
LMI Built Heritage Labour Force Survey		133
<i>Curriculum development</i>		
The Art of Managing Your Career Enhancements		129,273
	<u>1,190,621</u>	<u>1,597,802</u>
Self-generated		
Grants	79,500	71,885
Interest and other	10,115	10,573
Membership fees	26,920	13,885
Sales of products and services	3,091	6,589
	<u>119,626</u>	<u>102,932</u>
	<u>1,779,507</u>	<u>2,169,085</u>