

Financials

Financial Overview – FY18

HRPA ended fiscal year 2018 with a surplus of \$920,487 compared to a surplus in fiscal year 2017 of \$479,700. Operating revenue for the year increased by 6.4 per cent over the previous year, or \$1,043,156, while expenses decreased by 0.5 per cent, or \$85,258. Net investment income for the year decreased by 63.0 per cent over the previous year, or \$687,627. Overall, HRPA increased its net assets position to \$12,642,877.

THE FOLLOWING SECTIONS ARE HIGHLIGHTS OF SOME KEY VARIANCES YEAR-OVER-YEAR.

Balance Sheet

■ **SHORT TERM INVESTMENTS** were higher than the previous year, due to a transfer of funds from the investment portfolio during 2018 for cash-flow purposes.

■ **ACCOUNTS RECEIVABLE** were higher than the previous year, due to higher credit card settlements receivable at year-end, along with higher royalties receivable from certain partners.

■ **PREPAID EXPENSES** relate to the Annual Conference, insurance, software maintenance, licenses and other costs having future benefits; overall, the total of these amounts were just slightly higher than the previous year due to increased payments related to the Annual Conference.

■ **LONG-TERM INVESTMENTS** were lower than the previous year due to the transfer of funds to the operating account during 2018 for cash-flow purposes.

■ **CAPITAL ASSETS** decreased due to amortization of assets.

■ **SECURITY DEPOSIT** relates to an initial deposit that was required as part of current office lease agreement. The remaining balance of the deposit (\$250,000) is being held by the landlord for the duration of the lease term, and shall be returned to in 2023, with interest as provided for in the lease agreement.

■ **ACCOUNTS PAYABLE AND ACCRUED LIABILITIES** were lower than the previous year, due in most part to fewer accruals required at year-end.

■ **DEFERRED REVENUE** pertains to amounts collected for the Annual Conference, membership dues and other programs and services being held after year-end. Overall, the total for these amounts were slightly lower than the previous year due mainly to lower Annual Conference registrations received by year-end.

■ **DEFERRED RENT** pertains to two different amounts associated with the current office lease agreement—one amount relates to the tenant improvement allowance, and another amount pertains to the rent-free period from the beginning of the lease term. Following accounting standards, these two amounts are being amortized evenly over the term of the lease.

■ **NET ASSETS** have been restricted for capital budget purposes, including amounts pertaining to various technology related upgrades and improvements, conference centre enhancements and general office improvements. The Contingency Fund is a reserve for general operating contingencies and is not available for use by the Association without prior approval of the Board of Directors.

In-line with general guidelines for not-for-profit associations, HRPAs target for reserves is set at 50 per cent of annual operating costs. Based on the operating budget for fiscal year 2018-2019, the Association's reserve is at approximately 60.4 per cent of annual operating costs.

Statement of Operations

Membership and Member Services

Higher membership revenue in fiscal 2018 was due mainly to an increase in membership renewal revenue, along with increases in revenue from Hire Authority and advertising from the digital magazine. Total expenses under this area are in-line with the previous year.

Annual Conference

Higher revenue was mainly due to an increase in the number of registrations for the 2018 conference. Expenses increased over the previous year due to higher tradeshow costs, additional staging requirements, higher marketing costs and an increase in speakers.

Regulatory Affairs

Revenue from regulatory-related activities increased, due to a significant increase in the number of Validation of Experience Applications, an increase in the number of CKE and ELE exam writers and higher number of exam prep program enrolments. Expenses increased due to higher costs associated with the CKE exams, along with higher consulting related costs required in this area during the year associated with enhancing our regulatory activities.

Professional Development and Support Programs

Revenue from professional development events increased due to higher registrations for seminars and certain certificate programs. Expenses increased due mainly to an increase in costs associated with the higher activity in seminars and certificate programs.

Chapter Activities and Relations

Revenue decreased over the previous year in this area due to lower revenue from sponsorships and advertising revenues, along with lower event registration revenue due to lower attendance for some paid events and timing of some bi-annual conferences. Expenses increased in this area due mainly to higher operating costs, including staff time, associated with activities in this area during the year.

Administration and Conference Centre

Revenue increased in this area due to an increase in rentals associated with the conference centre. Expenses under this area were lower than the previous year, due to a decrease in operating costs, including staff time, associated with operating the conference centre.

Board and Board Committees

Expenses under this area decreased due to the departure of the previous CEO in 2017 and a replacement being in place in June 2018.

Public Affairs and Research

Revenue was lower in this area due to sponsorship funding received in 2017 related to the *Intelligence Revolution* report that was completed in 2017. Expenses are lower under this area due to an overall decrease in activity in 2018.

Investment Income

Investment income decreased compared to the previous year, due to less favourable market conditions during 2018 than during 2017.

SUMMARY CONSOLIDATED BALANCE SHEET

As at November 30, 2018, with comparative information for 2017

| | 2018 | 2017 |
|--|----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | 362,261 | 370,450 |
| Short-term investments | 4,999,858 | 2,419,446 |
| Accounts receivable | 486,853 | 395,350 |
| Prepaid expenses | 1,009,144 | 983,698 |
| | \$ 6,858,116 | \$ 4,168,944 |
| Long-term investments | 12,230,471 | 13,890,129 |
| Capital assets, net | 2,165,420 | 2,564,825 |
| Security deposit | 250,000 | 250,000 |
| | \$ 21,504,007 | \$ 20,873,898 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | 1,343,713 | 1,497,408 |
| Deferred revenue | 7,039,242 | 7,069,663 |
| | \$ 8,382,955 | \$ 8,567,071 |
| Deferred rent | \$ 478,175 | \$ 584,437 |
| NET ASSETS | | |
| Invested in capital assets | 2,165,420 | 2,564,825 |
| Internally restricted | 2,314,828 | 2,337,093 |
| Contingency fund | 7,962,629 | 6,780,472 |
| Unrestricted | 200,000 | 40,000 |
| | \$ 12,642,877 | \$ 11,722,390 |
| | \$ 21,504,007 | \$ 20,873,898 |

SUMMARY CONSOLIDATED STATEMENT OF OPERATIONS

Year ended November 30, 2018, with comparative information for 2017

| | 2018 | 2017 |
|--|----------------------|----------------------|
| REVENUE | | |
| Membership and member services | 9,525,497 | 9,019,153 |
| Annual conference | 3,804,174 | 3,755,438 |
| Regulatory affairs | 1,763,891 | 1,339,737 |
| Professional development and support programs | 1,654,109 | 1,472,764 |
| Chapter activities | 322,698 | 419,773 |
| Administration and conference centre | 298,010 | 268,905 |
| Public affairs and research | 547 | 50,000 |
| | \$ 17,368,926 | \$ 16,325,770 |
| EXPENSES | | |
| Annual conference | 3,699,940 | 3,477,734 |
| Chapter activities and relations | 3,208,658 | 3,070,969 |
| Membership, member services, and marketing | 3,169,986 | 3,162,666 |
| Regulatory affairs | 2,890,648 | 2,743,076 |
| Professional development and support programs | 2,346,114 | 2,243,479 |
| Board and board committees | 611,900 | 828,358 |
| Public affairs and research | 524,086 | 904,389 |
| Conference centre | 401,575 | 507,494 |
| | \$ 16,852,907 | \$ 16,938,165 |
| Excess (deficiency) of revenue over expenses before investment income | \$ 516,019 | \$ (612,395) |
| Investment income | 465,195 | 1,158,933 |
| Investment management fees | (60,727) | (66,838) |
| Net investment income | \$ 404,468 | \$ 1,092,095 |
| Excess of revenue over expenses | \$ 920,487 | \$ 479,700 |

Copies of the complete 2018 audited financial statements, including the auditor's report, are available at the HRPAs office or can be requested by emailing finance@hrpa.ca