

Financial Overview – Fiscal Year 2017

HRPA ended fiscal year 2017 with a surplus of \$479,700 compared to a surplus in fiscal year 2016 of \$971,762. Operating revenue for the year increased by 5.5 per cent over the previous year, or \$853,126, while expenses increased by 11.5 per cent, or \$1,752,326. Net investment income for the year increased by 59.4 per cent over the previous year, or \$407,138. Overall, HRPA increased its net assets position to \$11,722,390.

Starting in fiscal year 2017, full cost allocations have been made to the various functional areas. These costs include salary and benefits, administrative, amortization, office space and utilities, financial services, and insurance expense. Similarly, fiscal year 2016 figures were restated to ensure comparability between the two years. This approach will provide users of the statements with a more complete and accurate picture of the financial activity for the various functional areas. Various note disclosures, as required under accounting standards, have been included with the complete audited financial statements, which are always available upon request through finance@hrpa.ca.

Following are highlights of some key variances year-over-year:

Balance Sheet

- Short term investments were lower than the previous year, due to increased cash outflows in 2017.
- Accounts receivable were lower than the previous year, due to a decrease in amounts receivable from some annual conference sponsors.
- Prepaid expenses relate to the annual conference, insurance, software maintenance, licenses, and other costs having future benefits; overall, the total for these amounts was slightly higher than the previous year due to increased annual conference payments as well as increased chapter-related event deposits.
- Long-term investments were higher than the previous year due to strong market returns during the year.
- 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 mostly to the timing of payments 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 higher than the previous year due mainly to higher membership revenue associated with the increase in the number of members, along with increased registrations for on-line CKE exams and the introduction of on-line ELE exams in 2017.
- 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, general office improvements, and the development of regulatory-related programs. 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, the association's reserve is at approximately 53 percent of annual operating costs.

Statement of Operations

Membership and Member Services

Higher membership revenue in fiscal 2017 was due mainly to an increase in renewed membership numbers. In addition, revenue associated with Hire Authority was higher than the previous year. Total expenses in membership and member services are in-line with previous year.

Annual Conference

Higher revenue was due mainly to an increase in the number of registrants for the conference. Expenses increased over the previous year due mainly to higher speaker fees, as well as higher operating costs associated with the conference.

Regulatory Affairs

Revenue from regulatory-related activities decreased due mainly to lower CKE1 and CKE2 revenue. Expenses increased in this area due mainly to higher costs associated with enhancing our regulatory activities, and development of the CKE and ELE exams.

Professional Development and Support Programs

Revenue from professional development events increased due to higher registrations for certificate programs, and an increased number of executive events. Expenses also increased due to higher costs associated with certificate programs and executive events.

Chapter Activities and Relations

Revenue increased over the previous year in this area due to an increase in the number of events held by the chapters. Expenses increased due to an increase in costs associated with events, as well as higher operating costs associated with this area.

Administration and Conference Centre

Revenue increased in this area due to an increase in rentals for the conference centre. Expenses under this area were higher than the previous year, due to an increase in conference centre costs due to increased rentals, as well as higher operating costs.

Board and Board Committees

Expenses under this area increased due to an increase in activities in this area in 2017.

Public Affairs and Research

Revenue in this area related to sponsorship received from the Ontario government towards the Intelligence Revolution report. Expenses are higher under this area due in most part to the costs associated with the Intelligence Revolution report, as well as higher operating costs in this area.

Investment Income

Investment income increased compared to the previous year, due to the extremely strong market returns for the year.

SUMMARY CONSOLIDATED BALANCE SHEET

As at November 30, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash	\$ 370,450	\$ 366,092
Short-term investments	2,419,446	3,229,641
Accounts receivable	395,350	591,295
Prepaid expenses	983,698	936,635
	<u>4,168,944</u>	<u>5,123,663</u>
Long-term investments	13,890,129	12,822,962
Capital assets, net	2,564,825	2,671,655
Security deposit	250,000	250,000
	<u>\$ 20,873,898</u>	<u>\$ 20,868,280</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,497,408	\$ 1,923,305
Deferred revenue	7,069,663	7,011,588
	<u>8,567,071</u>	<u>8,934,893</u>
Deferred rent	584,437	690,697
Net assets:		
Invested in capital assets	2,564,825	2,671,655
Internally restricted	2,337,093	2,420,084
Contingency fund	6,780,472	5,970,951
Unrestricted	40,000	180,000
	<u>11,722,390</u>	<u>11,242,690</u>
	<u>\$ 20,873,898</u>	<u>\$ 20,868,280</u>

SUMMARY CONSOLIDATED STATEMENT OF OPERATIONS

Year ended November 30, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Membership and member services	\$ 9,019,153	\$ 8,598,049
Annual conference	3,755,438	3,579,913
Professional development and support programs	1,472,764	1,166,470
Regulatory affairs	1,339,737	1,568,272
Chapter activities	419,773	356,232
Administration and conference centre	268,905	203,708
Public affairs and research	50,000	0
	16,325,770	15,472,644
Expenses:		
Annual conference	3,477,734	3,372,480
Chapter activities and relations	3,070,969	2,980,757
Membership, member services and marketing	3,162,666	3,108,950
Regulatory affairs	2,743,076	2,221,874
Professional development and support programs	2,243,479	1,822,668
Public affairs and research	904,389	549,328
Board and board committees	828,358	669,265
Conference centre	507,494	460,517
	16,938,165	15,185,839
Excess (deficiency) of revenue over expenses before investment income	(612,395)	286,805
Investment income	1,158,933	741,718
Investment management fees	(66,838)	(56,761)
Net investment income	1,092,095	684,957
Excess of revenue over expenses	\$ 479,700	\$ 971,762

Note:

Copies of the complete November 30, 2017 audited financial statements, including the auditors' report, are available at the Human Resources Professionals Association's office or can be requested by emailing finance@hrpa.ca.