

Annual Report 2012 – 2013

# COLLABORATION COORDINATION CONFEDERATION



**CRKN**  
Canadian Research  
Knowledge Network

**RCDR**  
Réseau canadien de  
documentation pour la recherche



The Canadian Research Knowledge Network (CRKN) is a partnership of Canadian universities, dedicated to expanding digital content for the academic research enterprise in Canada. Through the coordinated leadership of librarians, researchers, and administrators, CRKN undertakes large-scale content acquisition and licensing initiatives in order to build knowledge infrastructure and research capacity in Canada's universities. CRKN collaborates with 75 university members and provides access to over 1.2 million researchers and students.

#### OUR MEMBERS

Acadia University  
Algoma University  
Athabasca University  
Bishop's University  
Brandon University  
Brock University  
Cape Breton University  
Carleton University  
Concordia University  
Concordia University College  
of Alberta  
Dalhousie University  
École Polytechnique  
de Montréal  
HEC Montréal  
Kwantlen Polytechnic University  
Lakehead University  
Laurentian University  
MacEwan University  
McGill University  
McMaster University  
Memorial University  
of Newfoundland  
Mount Allison University  
Mount Royal University  
Mount Saint Vincent University  
Nipissing University  
NSCAD University  
OCAD University  
Queen's University  
Royal Military College  
of Canada  
Royal Roads University

Ryerson University  
Saint Mary's University  
Simon Fraser University  
St. Francis Xavier University  
The King's University College  
of Alberta  
Thompson Rivers University  
Trent University  
Trinity Western University  
Université de Moncton  
Université de Montréal  
Université de Sherbrooke  
Université du Québec  
• École de technologie  
supérieure  
• École nationale  
d'administration  
publique  
• Institut national de la  
recherche scientifique  
• Télé-université  
• Université du Québec  
à Chicoutimi  
• Université du Québec  
à Montréal  
• Université du Québec  
à Rimouski  
• Université du Québec à  
Trois-Rivières  
• Université du Québec en  
Abitibi-Témiscamingue  
• Université du Québec  
en Outaouais  
Université Laval

Université Sainte-Anne  
University of the Fraser Valley  
University of Alberta  
University of British Columbia  
University of Calgary  
University of Guelph  
University of Lethbridge  
University of Manitoba  
University of New Brunswick  
University of  
Northern British Columbia  
University of Ontario Institute  
of Technology  
University of Ottawa  
University of  
Prince Edward Island  
University of Regina  
University of Saskatchewan  
University of Toronto  
University of Victoria  
University of Waterloo  
University of Windsor  
University of Winnipeg  
Vancouver Island University  
Western University  
Wilfrid Laurier University  
York University

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I am confident that the organization will continue to adapt creatively to new circumstances and will continue to flourish.

## MESSAGE FROM THE INTERIM CHAIR

This has been a transitional year for CRKN, as we said farewell and thanks both to David Barnard, a wonderfully effective chair of the Board of Directors, and to Deb deBruijn, who deserves so much of the credit for CRKN's notable successes over more than a decade.

After a careful search process, Clare Appavoo became our new Executive Director just before Christmas. Clare made her impact felt within months by re-organizing the staff complement, contributing significant insights to our strategic planning exercise, and making sure that she got to know many of you, CRKN's members, and others interested in and affected by its activities.

Another highlight of the year was the very positive reception given to our Platform Outcome Measurement Study, both by the Canada Foundation for Innovation and by its international expert panel, which described the CRKN as a "game-changer" in the provision of Canadian research infrastructure. Still another highlight was the way in which the Board came together to draft a new and ambitious strategic plan that we believe will strengthen CRKN's ability to meet the needs and expectations of its members and its stakeholder communities. The theme of "collaboration-coordination-confederation", which informs the annual

meeting this year, is also reflected in the aspirations the Board has expressed in the new strategic plan.

It has been a pleasure to have worked with Clare, her staff, and my fellow Directors over the last year. As I leave the post of Interim Chair, I wish my successor well, confident that the organization with which I have had a long association will continue to adapt creatively to new circumstances and will continue to flourish.



**Ronald Bond**

Provost Emeritus, University of Calgary  
Interim Chair, CRKN Board of Directors



## MESSAGE FROM THE EXECUTIVE DIRECTOR

The 2012-2013 year was a year of transition for the Canadian Research Knowledge Network (CRKN) with a change in leadership of both Board and management occurring in time to begin a new three year strategic planning process. The organization expressed appreciation for the work of its founding Executive Director, Deb deBruijn, who built a solid foundation and recorded fantastic achievements for CRKN during her tenure. At the same time, I was welcomed as the new Executive Director with a mandate of continuing to implement the current strategic plan while helping to develop a new one.

The central work of content licensing continued, with the successful negotiation of 16 multi-year licenses over the course of the year, achieved through the exemplary work of the Negotiations Resource Team (NRT) and staff who built on their experience with each negotiation. The challenges the team faced in addressing the difficult issue of whether to accept a usage based pricing model were met head on and, with Board support, CRKN demonstrated its capacity to stand firmly behind its principles at the negotiation table.

The commitment to enhance communications was delivered through the work of the Cost Sharing Advisory Group (CSAG) which provided all members the opportunity to participate in a personal interview with their colleagues for input to the report of CSAG. The Value, Influence, Trends and Leadership Task Group (VITaL) helped to prepare CRKN's presentation on the Platform Outcome Measurement Study (POMS) to the CFI International Expert Panel with excellent feedback now having been received on the study and the work of CRKN. The strategic planning process has involved the input of members through multiple means of engagement.

In order to meet the requirements of Canada's new Not-for-Profit Corporations Act (NFPC), a By-Law Working Group was formed to ensure that the organization's by-laws comply with the new legislation. In line with the revised Board structure and proposed by-laws, a Committee Review Task Group was formed to review and update the organization's committee structure.

I am appreciative of the experienced guidance and support of Ron in his capacity as Interim Chair along with all the members of the Board who helped

smooth the steep learning curve for me in my first few months. It has been a privilege to get to know the strengths of the dedicated and bright staff, each of whom is fully committed to the mandate and mission of the organization. It has also been a pleasure to connect with members known to me and to meet those new to me and hear issues and concerns. In the spirit of this year's theme of collaboration, coordination and confederation I look forward to establishing more connections and consulting with both member shareholders and other stakeholders

as we continue the preparation of the new three-year strategic plan. In the year ahead, collaborating to advance digital scholarship, redefining the scope of content and services, engaging with members and stakeholders, and ensuring sustainability will be both challenging and exciting.



**Clare Appavoo**  
Executive Director



**In the spirit of this year's theme of collaboration, coordination and confederation I look forward to establishing more connections and consulting with both member shareholders and other stakeholders as we continue the preparation of the new three-year strategic plan.**



## ENHANCING OUR PRODUCTS AND SERVICES

### LICENSE RENEWALS

In 2012 CRKN undertook 16 license renewals. Once again, the NRT chose to approach the work in three phases according to complexity of work and the time to expiration. Usually licenses are negotiated for a three year term; this year, exceptionally, three licenses were renewed for only one year due to several factors including the proposal of unfavourable license clauses, revised licensing terms that did not align with CRKN licensing principles, and the anticipation of new pricing models yet to launch. These licenses have been the subject of much discussion and CRKN is working to establish long term contracts for these products in upcoming renewal cycles.

### DIGITAL CONTENT INFRASTRUCTURE (DCI) FOR THE HUMAN AND SOCIAL SCIENCES PROJECT

The DCI Project, initiated in 2007, is supported by the Canada Foundation for Innovation (CFI), provincial funders and member institutions. The project has completed the second year of the three year sustainability period with lower than expected costs owing to the agreement structure featuring a majority of one-time (rather than recurring) costs. The last of

the project funds have been dedicated to digitizing unique Canadian historical content that is available **open access**. This content can be found on the **University of Alberta** and the **Internet Archive** sites.

The Canadian Society for Chemistry was pleased to engage with CRKN to ensure Canadian chemists continue to have sustainable, equitable, and cost-effective access to research content. It is our intent to support CRKN's role in maintaining and expanding broad and unfettered access to research outputs.

Cathleen Crudden,  
Past President of  
the Canadian  
Society for  
Chemistry

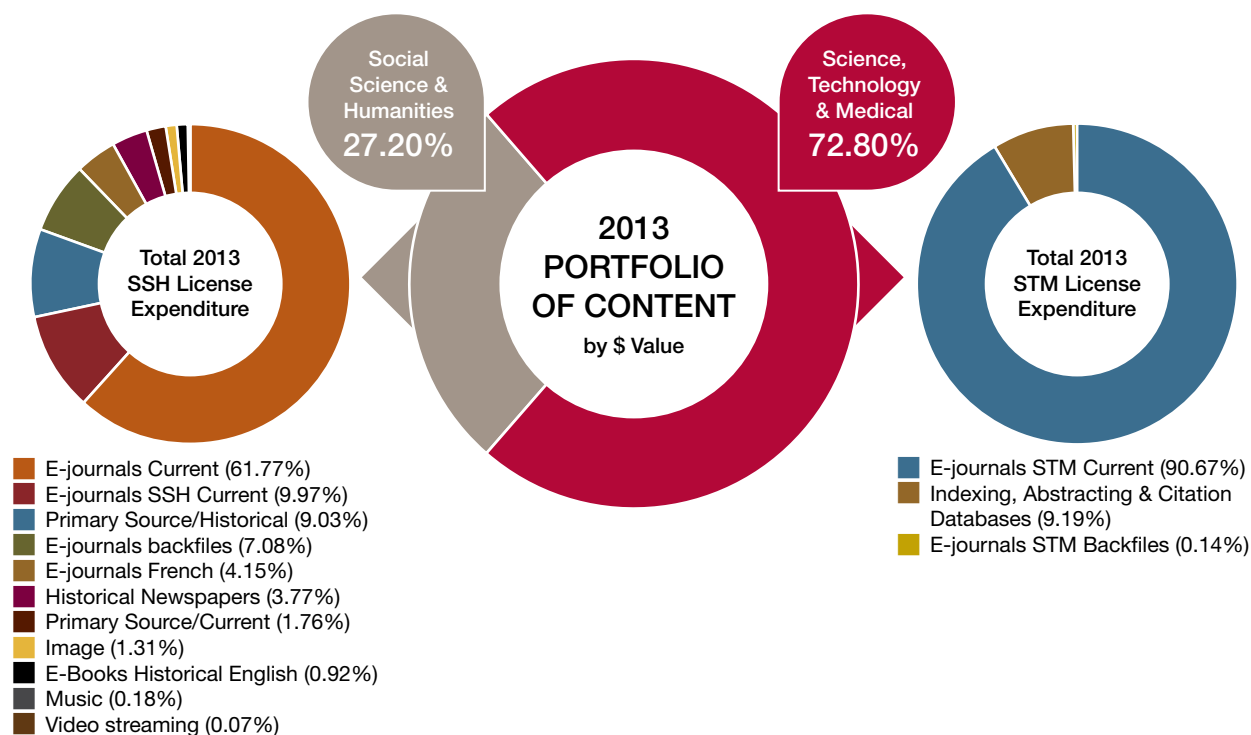




## INCREASE IN PARTICIPATION

For the eleventh consecutive year CRKN saw an increase in participation on content licenses, while membership remained steady. This increase is over and above new participation in the first international licensing venture with the Center for Research Libraries (CRL) in the United States and the Joint Information Systems Committee (JISC) in the United Kingdom

for the Churchill Archive, a database from Bloomsbury Publishing. While CRKN took an active role in bringing the offer to members, it is not counted in the participation numbers because CRKN did not invoice for the product. Licenses have remained relatively stable over the past couple of years, and although there are more licenses for SSH content than STM, the mix measured by \$ value is opposite.



CRKN licensed products can be divided into two main categories – Social Sciences & Humanities (SSH) and Science, Technology & Medical (STM). As collections are enhanced increasingly diverse content will be made available in the form of databases, journals, e-books, videos, music, images, primary sources, newspapers, etc. Over the past two years the size of the categories, measured by \$ value, appear imbalanced owing to the nature of the low recurring costs of SSH content making up the DCI Project.

## TASK GROUP ACTIVITY

CRKN supports areas of national interest through member engagement on several task groups. As a result of a Member Town hall convened at the 2011 Annual General Meeting, the **Cost Sharing Advisory Group** was formed in March, 2012 to respond to member concerns about the equity of the current cost sharing models, and to raise awareness of the challenges of creating a cost sharing model. It has made recommendations for action on license cost sharing that would enhance CRKN's national mission, while maximizing member value and ensuring price predictability. After extensive investigation, a final report with recommendations was shared with members in June 2013.

The **CARL-CRKN Open Access Working Group** was struck in May 2011 to collaboratively advance the exploration and promotion of sustainable open access models. After consulting with key stakeholders, a **final report** featuring 7 recommendations was published in November 2012.

While the **Perpetual Access Task Group** completed their work and published their **report** last year in February 2012, one of the two recommendations has now been implemented. The **CRKN Model license** has been revised to strengthen perpetual access provisions.

The **Serials Management Task Group**, formed in September 2011, has been working to customize vendor-supplied title lists to accurately reflect CRKN entitlements. These lists have been supplied to link resolvers to create CRKN specific targets in the knowledge base. CRKN has adopted KBART compliant standards for all titles and made this part of license requirements upon renewal. This work has been brought up to date and now focuses on staying current.

Without CRKN, Canadian universities' access to the world's research would lag behind that of other developed countries including the United States where "national" level licensing must be accomplished state-by-state. CRKN is providing the necessary means to achieve a level of cost effectiveness, control, and expanded information access that individual libraries cannot hope to achieve individually. Globally, national level licensing is used as the most effective tool to keep pace with the growth in scholarly research and increased prices. CRKN is among the leaders in doing this effectively and enabling Canadian universities to compete globally.

**Tom Sanville,**  
Director of Licensing  
and Strategic  
Partnerships, LYRASIS  
and active member  
of the international  
licensing community



## SERVING OUR COMMUNITY

### COLLABORATION

CRKN collaborated with the Canada Foundation for Innovation (CFI) to refine the Outcome Measurement Study (OMS) framework to apply to national platforms. Initially CFI did not differentiate between more localized infrastructure development projects and national platform projects. Over the years, this has created reporting challenges for CRKN and the revised Platform Outcome Measurement Study (POMS) process resulting from the collaboration is now well suited to CRKN's platform status. Both CRKN and CFI benefit from clear

accountability for the investments made in Canada's digital resources. **The CRKN Self-study** and the **CFI International Expert Panel Report** are available for review.

Since the Digital Infrastructure Summit in June 2012, CRKN has been collaborating with stakeholders (CUCCIO, Compute Canada, CANARIE, CARL, CFI, NRC, Industry Canada, CIHR, NSERC, and SSHRC) on the **Digital Infrastructure Leadership Council** to foster research, innovation and knowledge mobilization in Canada.



CFI, International Expert Panel, guest stakeholders and CRKN Platform Outcome Measurement Study (POMS) Team, December 2012

As Chair of the Canada Foundation for Innovation (CFI) Platform Outcome Measurement Study (POMS) International Expert Panel, I welcomed the opportunity to pilot the revised OMS review process for national platforms with CRKN. The process was constructive and illustrated the significant impact CRKN has had on the Canadian academic research and library communities. The Expert Panel concluded that as the scholarly communication sector goes through dramatic and rapid changes, CRKN will benefit from continued member support for investments necessary to keep up with industry and academic developments in both media and protocols.

**Mark Bisby,**  
Chair, CFI POMS  
Expert Panel



## MEMBER ENGAGEMENT

With many channels of member engagement, CRKN looks to stay abreast of national issues, share news and information, and foster interaction with and among members. CRKN hosted 16 product renewal teleconferences, four OpenLines on cost sharing, and introduced the concept of personal librarians as part of the Cost Sharing Advisory Group outreach. Following on from the OpenLines hosted last year on the topic of the “Big Deal”, a Big Deal Toolkit was completed and shared with members consisting of a Checklist and a Journal Evaluation Toolkit to assist in decision-making.

In response to the desire to communicate more specific details and outcomes of services, CRKN provided a customized dashboard developed for each of its 75 member institutions called the **Membership Benefit Statement**. This statement included a four-year history of member spend, approximate savings, and membership fees. It outlined program resources realized from two CFI supported grants, described advantages of centralized negotiation and charted the work of four task groups addressing national issues. It concluded with a graphic illustrating 8 different channels of communication that are supported to engage with four segments of our community.

*At COPPUL we value the collaborative relationship we have with CRKN. We appreciate the efforts CRKN makes to initiate dialogue with COPPUL and other regional consortia. Open communication has resulted in better cooperation between our groups, and more efficiency for all.*

**Gwen Bird,**  
Executive Director,  
Council of Prairie  
and Pacific  
University  
Libraries  
(COPPUL)



Working together, CRKN and the CFI developed and piloted a measurement framework with a focus to increase accountability and better capture measures of impact for its communities of academic libraries, researchers and federal funders. Work to pilot the refined measurement framework for national programs was recognized with an **Excel Award** in strategic communications from the International Association of Business Communicators (IABC) for increasing accountability and defining impact.



Elizabeth Shilts (CFI), Dyna Vink (CRKN) and Laura Hillier (CFI) receive the IABC Excel Award

In preparation for the upcoming strategic planning effort, the **Communications Outreach Encore** was launched in January 2012. Like its precursor of 2009/10, it was comprised of three stages – (virtual) focus groups, engagement with the broader community (regional library consortia), and e-survey with members. Results of this outreach were benchmarked against those of the previous outreach and demonstrated sharp improvements in member services and communications, and an increase in appetite for new content.

In order to comply with anti-spam requirements of newsletter software, CRKN exceeded the law's requirements by modifying the distribution of the monthly **NewsBrief**. In January 2013, CRKN adopted an "opt-in" policy for NewsBrief distribution. The result was a targeted decrease in circulation, combined with an increase in percentage read.

To increase awareness of CRKN's services with the broader community, an **infographic** was created comprising quick facts, services provided, and channels of membership & stakeholder engagement.

The recipient of the **Ron MacDonald Distinguished Service Award** was celebrated at the 2012 Annual General Meeting. This members' recognition, first conferred in 2010, honors the late Ron MacDonald, a key contributor to the development of CRKN's collaborative programs and services. **Ronald Bond** was recognized for his dedicated service in advancing CRKN's mission and objectives, and his vision and leadership in helping to establish new linkages across organizations and sectors.



Ronald Bond (right) receives the Ron MacDonald Distinguished Service Award in the company of Jonathan Blay, the 2010 recipient, and Cathy MacDonald, the wife of the late Ron MacDonald, at the ceremony in Halifax at the 2012 Annual General Meeting.



Several members recorded tributes to Ronald Bond in short **videos** to express their thanks and share recollections.



## FROM THE COST SHARING ADVISORY GROUP

The Cost Sharing Advisory Group was able to share the complexities of cost sharing with members, as well as provide an accurate account of how it has been employed over the lifespan of CRKN. We adopted a personal librarian approach to create the opportunity to hear directly from members, to discuss the issues and concerns and to test some of the thinking as we progressed through our discussions. Engaging members in this way was extremely important to the work of the group. I want to thank all participants for their time and insight on issues. We could not have done the work, nor ended up with a robust set of recommendations without these conversations with members.

**Carol Shepstone,**  
University Librarian,  
Mount Royal University,  
CRKN Board Member  
and Member of  
the Cost Sharing  
Advisory Group



I found the cost sharing information and the one-to-one outreach of the personal librarian initiative most informative in helping our institution understand how these practises affect not only us but other members in the consortium. It's good to be reminded that CRKN members have many different perspectives but a common goal to find models that work for everyone. I appreciated the time and effort that was taken to shed light on this complex and important issue.

**Todd Mundle,**  
University Librarian,  
Kwantlen Polytechnic  
University and member  
engaged in the  
outreach process



## FOCUSING OUR ORGANIZATION

### GOVERNANCE REVIEW

Last year the Governance Review resulted in the implementation of a smaller restructured Board of Directors. This year work continued on by-law revision and committee restructure in response to the reduced size of the Board.

### FINANCIAL STEWARDSHIP

The Board approved a planned deficit budget for FY 2012-2013, offset by a multi-year financial model that draws on multiple tactics – cost reductions, new revenue generation, drawing on accumulated surpluses, and membership fee increases – aimed at balancing the budget in the long term.

The Finance & Audit Committee approved a change to the Restricted Net Assets Policy as a best practise measure in order to secure a six month operating budget in the event of organizational closure. It also supported a pilot foreign exchange project as a means for increasing certainty around foreign exchange fluctuations and to generate nominal incremental revenue.

### EQUIPPING THE BOARD

In anticipation of a year of dynamic change to both positions of Board Chair and Executive Director, a decision was made to appoint an Interim Chair for the period of one year to bridge the arrival of the incoming Executive Director. Ronald Bond graciously accepted the position of Interim Chair in October 2012, and then in December 2012 Clare Appavoo began her tenure as Executive Director.

# COLLABORATION COORDINATION CONFEDERATION – LOOKING TO 2013-2014 –

## STRATEGIC PLANNING

With a new leader at the helm, strategic planning will shape new directions for CRKN. Building on the findings of the Communications Outreach Encore, 2012 AGM consultations and the CFI Expert Panel Report, a member engagement plan will be developed to solicit input and feedback while building consensus for the 2013-2016 strategic plan.

## COMMUNICATIONS AND ENGAGEMENT

Using feedback from the 2012 Membership Benefit Statement, a revised version will be prepared for 2013 distribution to members. Incremental information on usage statistics and how member time/expertise contributions are leveraged is intended to provide additional data in support of informed decision-making.

The Value, Influence, Trends and Leadership (VITaL) Task Group will consider implications of the new

strategic plan on existing performance indicators. In addition, a website refresh will be carried out to support a smooth transition from Drupal 6 to 7.

## PROGRAM DEVELOPMENT

Next year there are a total of 15 license renewals, including the largest single license - Elsevier ScienceDirect. Renewed efforts will be made to provide openly accessible research content to members. Support for task group activity and implementation of recommendations is anticipated for the Cost Sharing Advisory Group and for a group looking at new content acquisition.

## GOVERNANCE

The Governance Review process will be completed in the upcoming year in compliance with requirements of the Canada Not-for-Profit Corporations Act. Elections will be held in September 2013 for three Board positions, and a new Board Chair will be identified to start in October 2013.

## BOARD OF DIRECTORS

**Ronald Bond**, Interim Chair (October 2012 -)  
Provost Emeritus  
University of Calgary

**David Barnard**, Chair (to October 2012)  
President and Vice-Chancellor  
University of Manitoba

**Donna Bourne-Tyson**, Vice-Chair\*  
University Librarian  
Dalhousie University

**Christopher Callbeck**, Treasurer\*  
Assistant Vice President, Financial &  
Administrative Services  
University of New Brunswick, Saint John campus

**Robert Clarke\***  
University Librarian  
Trent University

**Richard Dumont\***  
General Manager, Librairies Branch  
Université de Montréal

**Charles Eckman**  
University Librarian and Dean of Library Services  
Simon Fraser University

**Karen Grant** (to October 2012)  
Provost and Vice-President, Academic &  
Research  
Mount Allison University

**Alison Nussbaumer** (to June 2012)  
University Librarian  
University of Lethbridge

**Benoit Séguin**  
Library Director  
Université du Québec à Trois-Rivières

**Carol Shepstone** (October 2012 -)  
University Librarian  
Mount Royal University

**Raymond Siemens** (October 2012 -)  
Canada Research Chair in Humanities  
Computing and Distinguished Professor,  
Faculty of Humanities  
University of Victoria

**Leslie Weir\***  
University Librarian  
University of Ottawa

\*Member of the Executive Committee



**BOARD OF DIRECTORS, MARCH 2013**

**Back row left to right:** Richard Dumont, Christopher Callbeck, Benoit Séguin, Donna Bourne-Tyson, Ray Siemens, Ronald Bond **Front row:** Leslie Weir, Charles Eckman, Clare Appavoo, Robert Clarke

**Absent:** Carol Shepstone

## COMMITTEES

### NEGOTIATIONS RESOURCE TEAM

**Charles Eckman**, Chair  
University Librarian and Dean of Library Services  
Simon Fraser University

**Benoit Séguin**, Vice-Chair  
Library Director  
Université du Québec à Trois-Rivières

**Jocelyn Godolphin** (to October 2012)  
Associate University Librarian, Collection Services  
Concordia University

**Christine Hiller** (January 2013 -)  
Project Coordinator, Consortial Purchasing  
CREPUQ

**Louis Houle**  
Associate Director, Client Services, Sciences,  
Health and Engineering  
McGill University

**Tony Horava**  
Associate University Librarian, Collections  
University of Ottawa

**Charlotte Innerd**  
Head, Collection Development and Acquisitions  
Wilfrid Laurier University

**Denise Koufogiannakis** (to April 2012)  
Collections & Acquisitions Coordinator  
University of Alberta

**Elaine MacInnis** (November 2012 -)  
Agricultural Campus Librarian  
Dalhousie University

**Jo Anne Newyear-Ramirez** (April 2012 -)  
AUL, Collection Development &  
Management Services  
University of British Columbia

**Lisa Petrachenko**  
Library Collections Management  
University of Victoria

**Peter Webster**  
Systems Librarian, Saint Mary's University

**Louise White** (to November 2012)  
Associate University Librarian, Marine Institute &  
Music Resource Centre  
Memorial University of Newfoundland

The Negotiations Resource Team had a busy and productive year working on a total of 16 license renewals, including significant engagement with members and the Board on the complexities of the American Chemical Society license. We focused our work on advancing objectives of the CRKN strategic plan by selectively expanding content, focusing on cost containment and building on member engagement and communication. CRKN saw an increase in license participation for the 11<sup>th</sup> consecutive year.

Chuck Eckman, Chair, NRT



**NEGOTIATIONS RESOURCE TEAM, APRIL 2013**

**Back row left to right:** Chuck Eckman, Louis Houle, Peter Webster, Charlotte Innerd, Craig Olsvik, Tony Horava **Middle row:** Gemini Cheng, Elaine MacInnis, Monica Ward, Jo Anne Newyear-Ramirez, Benoit Séguin **Seated:** Lisa Petrachenko, Eva Jurczyk, Christine Hiller, Clare Appavoo

## FINANCE & AUDIT COMMITTEE

**Christopher Callbeck**, Chair  
Assistant Vice President, Financial &  
Administrative Services  
University of New Brunswick, Saint John campus

**Darrell Cochrane**  
Controller  
Dalhousie University

**Kathleen De Long**  
Associate University Librarian  
University of Alberta

**Gayle Gorrill** (to October 2012)  
Vice-President, Finance and Operations  
University of Victoria

**Karen Grant** (to October 2012)  
Provost and Vice-President, Academic &  
Research  
Mount Allison University

**Trudy Pound-Curtis** (November 2012 -)  
Assistant Vice-President, Finance and Chief  
Finance Officer  
York University

**Carol Shepstone** (October 2012 -)  
University Librarian  
Mount Royal University

### FINANCE & AUDIT COMMITTEE, OCTOBER 2012

**Back row left to right:** Chris Callbeck,  
Trudy Pound-Curtis, Kathleen De Long  
**Front row:** Darrell Cochrane, Ken Blonski  
**Absent:** Carol Shepstone

The Finance & Audit Committee oversaw two significant activities this year - a successful foreign exchange pilot undertaken to mitigate risk to member collection budgets and the development of a more consolidated, higher-level approach for CRKN's internal financial statements for the benefit of the Board and other committees. Both activities advanced objectives of CRKN's strategic plan to develop new revenue streams where possible, and to strengthen the strategic focus of the Board of Directors respectively.

**Christopher Callbeck**, Chair, Finance &  
Audit Committee





## VALUE, INFLUENCE, TRENDS AND LEADERSHIP (VITaL) TASK GROUP

**Joyce Garnett, Chair**  
University Librarian  
Western University

**Sylvie Belzile**  
Director General, Library and Archives Services  
Université de Sherbrooke

**Helen Clarke**  
Associate Vice Provost, Collections  
University of Calgary

**Katherine Schultz**  
Vice President, Research & Development (Retired)  
University of Prince Edward Island

**Raymond Siemens** (October 2012 -)  
Canada Research Chair in Humanities  
Computing and Distinguished Professor,  
Faculty of Humanities  
University of Victoria

**John Teskey**  
Director of Libraries  
University of New Brunswick

The Value, Influence, Trends and Leadership Task Group continues to advance its work to develop and report performance indicators including the annual Narrative and Dashboard and the newly developed Membership Benefit Statement (June 2012). This year the focus of activity was in overseeing the CRKN Platform Outcome Measurement Study (POMS) self-study in collaboration with CFI, and delivering the presentation to CFI's International Expert Panel. The results of this endeavour have opened up new performance indicator results and possibilities that will serve CRKN into the future.

Joyce Garnett,  
Chair, VITaL  
Task Group



## STAFF

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### Bill Kuurstra

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Tel: 613-907-7037  
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### Craig Olsvik

Senior Content & Licensing Officer  
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### Dyna Vink

Director of Communications  
Tel: 613.907.7034  
Cell: 613.797.0188  
dvink@crkn.ca

### Monica Ward

Senior Content &  
Licensing Officer  
Tel: 613-907-7031  
Cell: 613-219-6919  
mward@crkn.ca



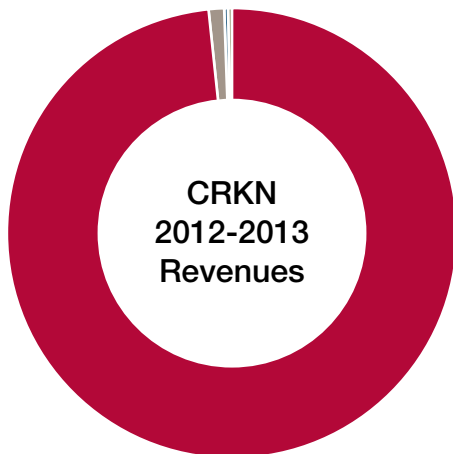
JULY 2013

**Back row left to right:** Ken Blonski, Craig Olsvik, Bill Kuurstra **Middle row:** Eva Jurczyk, Clare Appavoo, Dyna Vink **Front row:** Monica Ward, Gemini Cheng

## FINANCIAL HIGHLIGHTS

CRKN operates a lean administration focused on efficiency, best practises and conservative management. As shown in the 2012-2013 Revenues chart, CRKN's primary revenue source is derived from member funded license fees, followed by membership fees, revenues associated with the DCI Project, and interest income.

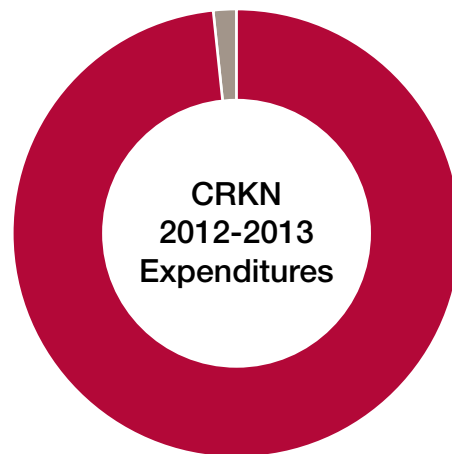
On the expenditure side, most of CRKN's expenditures are for content licenses. As shown in the 2012-2013 Expenditures chart, Operations – including administration, salaries and benefits, professional fees, and governance – account for 1.6% of expenditures. This demonstrates the lean, efficient administration provided by CRKN.



- License fees (member funded) (98.32%)
- Operations fees (membership fees) (1.18%)
- DCI Project (0.25%)
- Interest and other revenue (0.25%)

(Figures correspond to the audited financial statements year ended March 31, 2013.)

CRKN revenues for the fiscal year of 2012-2013 were \$92.1M derived from content license fees, membership fees, the DCI Project and miscellaneous income.



- Content Licenses (98.34%)
- Operations (1.66%)

(Figures correspond to the audited financial statements year ended March 31, 2013.)

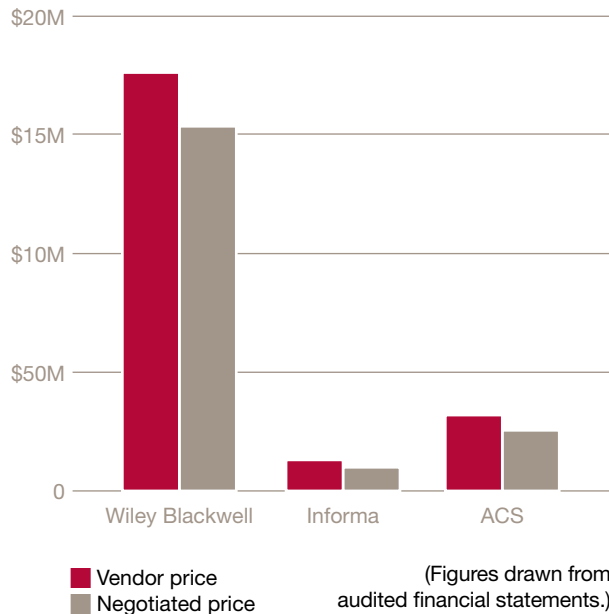
98% of expenditures for the 2012-2013 fiscal year consisted of content licensing fees. The balance was made up of administration, salaries and benefits, professional fees and governance.

## MEASURES OF PERFORMANCE AND ACTIVITY

CRKN renewed 16 licenses during 2012-2013 in one and three year terms. Longer three year terms are preferred in order to provide greater predictability and increase overall savings for members, and to reduce the annual task load for all involved. Due to some unusual circumstances, three licenses could only be renewed for one year.

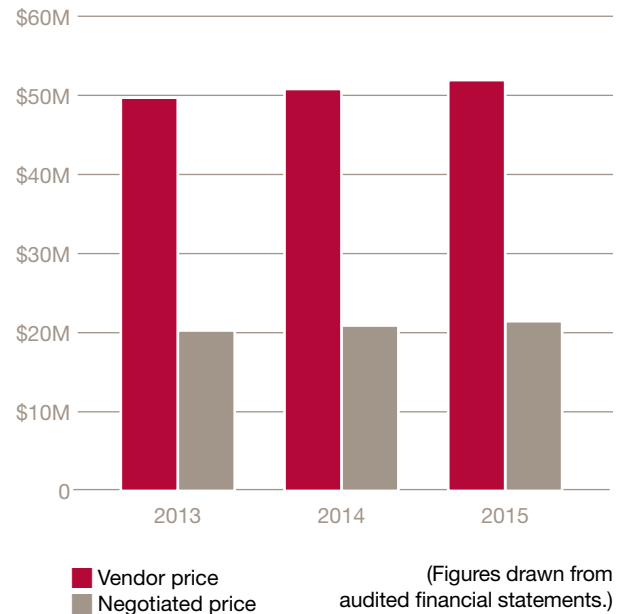
Thirteen regular licenses were renewed for a three year term, 12 of those are illustrated in the chart below. Springer is not included in the chart owing to the absence of reasonable vendor price. CRKN was provided with a vendor price of \$547.7M made up of cumulative titles spread equally over participating members; CRKN's negotiated price was \$29.3M over three years.

### ONE YEAR RENEWAL - 3 LICENSES



The negotiated price for three one-year license renewals was \$18.9M compared with the vendor price of \$22.1M.

### THREE YEAR RENEWAL - 12 LICENSES

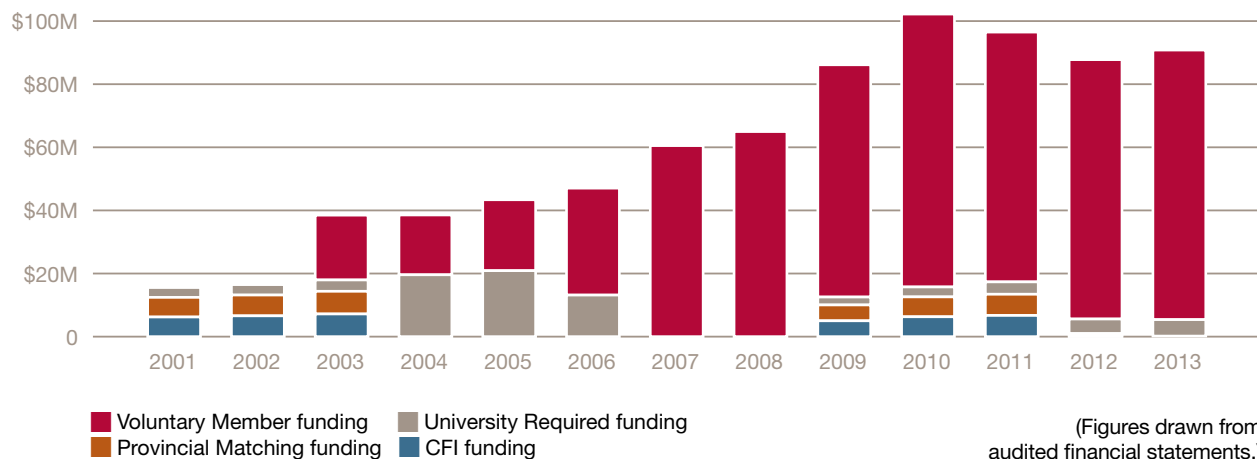


CRKN delivered value for membership with 12 regular license renewals negotiated for a cumulative \$62.6M, in contrast with the vendor price of \$152.4M outside the consortium.

The Canada Foundation for Innovation (CFI) investment has been instrumental in establishing a collaborative knowledge infrastructure in support of CRKN’s mandate to increase access to digital research content. In 2001 CFI invested 40% (\$20 million) in support of the Canadian National Site Licensing Project; the remaining 60% (\$30 million) was matched by provincial governments and member institutions. Leveraging those contributions, members continue to invest in high value content, creating additional value through advantageous licensing terms, collaborative interdisciplinary research, and brain-gain recruitment. In 2009 CFI invested again in the DCI Project (\$19.1 million) with provincial and member institution matching (\$29 million).

Since its inception and including the activities of its forerunner, the CNSLP, CRKN has secured more than \$869 million of content on behalf of its member institutions. A conservative estimate suggests that if CRKN-licensed content were to be acquired on an institution-by-institution basis, costs to CRKN members would be nearly \$2.48 billion over the same time frame. (all figures expressed in CAD valued at March 31, 2013).

## CFI SEED MONEY LEVERAGES SUSTAINED INVESTMENT

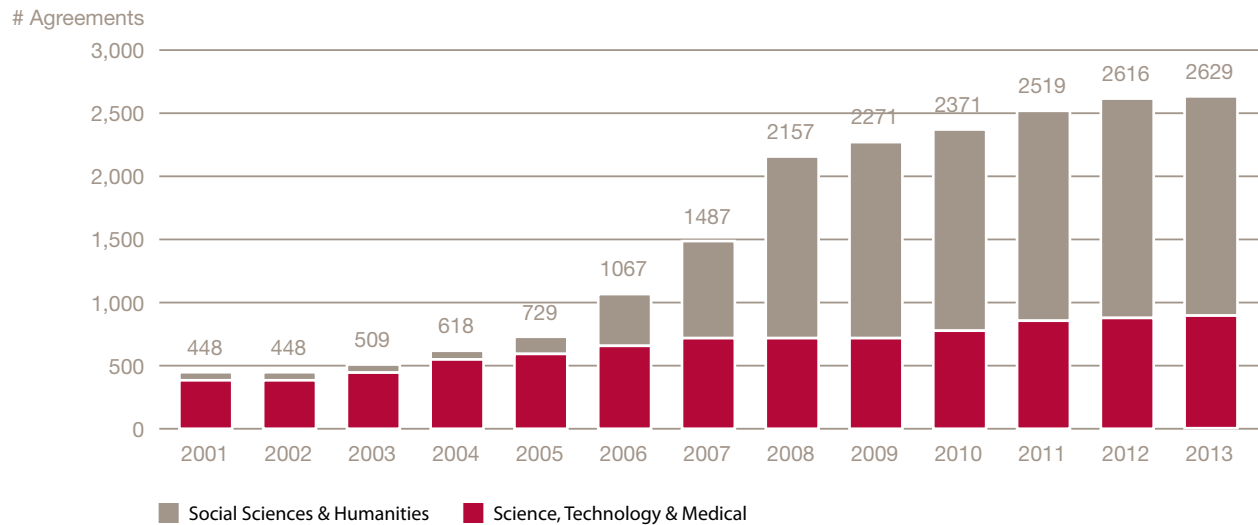


The first year investment of \$6.2 million made by CFI in 2001 for the Canadian National Site Licensing Project (\$20 million over 3 years) has leveraged more than \$92 million in 2013 through investment from provincial funding partners and the member institutions. While license participation has steadily increased, favorable exchange rates and the low recurring costs of the DCI Project result in lower costs for the same content. The DCI Project sustainability period is shown in the last two years for which \$5.2 million (2013) is University required funding. This demonstrates how value is created and shared through CRKN’s collaborative infrastructure.

## INCREASED PARTICIPATION

License participation increased for the 11th consecutive year in spite of the challenging economic environment. This trend includes one-time-only purchases combined with multi-year licenses for 75 members.

## INCREASED PARTICIPATION BY CONTENT TYPE



In 2013 CRKN had 54 licenses with participation through 2,629 agreements with members. This participation has increased significantly from 33 licenses across 1,487 agreements in 2007 before the DCI Project. The most significant growth has been with Social Science & Humanities (SSH) content.

## WEBSITE USAGE

CRKN has been tracking website usage statistics since April 2010 for both its public organizational site and the member-only License Information Module (LIM). The LIM supports 599 accounts and provides a technical information source that is consulted for an average of over 6 minutes per visit compared with one-minute industry visit averages. Its use has increased significantly (21%) in the past year, driven in part by the Listserv+ with 1,800 visits and by the introduction of the French site in March 2012. The English organization site enjoyed a 30% growth in visits, and a small decrease in visit time. The French organization site visits increased slightly, while the time on site decreased marginally by 7%.

### USAGE OF CRKN WEBSITES (April 1, 2012 – March 31, 2013)

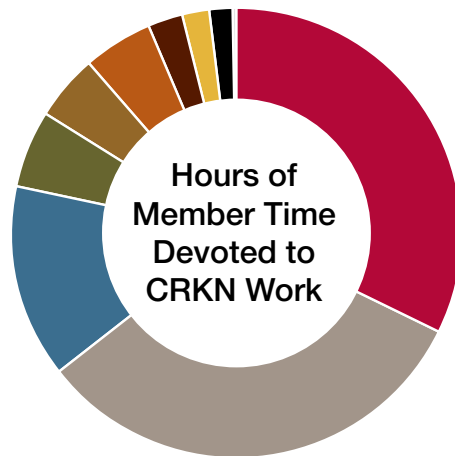
	VISITS	PAGE VIEWS	AVERAGE TIME (MINUTES)
License Information Module (Members English)	13,805	90,870	6:37
License Information Module (Members French)	2,069	11,255	6.08
CRKN Organization (English)	21,605	77,668	3:27
CRKN Organization (French)	2,496	9,276	4:05

## ADVANTAGES OF CENTRALIZED NEGOTIATION AND ADMINISTRATION



- NRT time on renewals (6%)
- NRT meeting & prep time (26%)
- CRKN meeting and prep time (25%)
- CRKN time on negotiations (20%)
- Membership Services time (12%)
- CRKN post-purchase admin (11%)

## MEMBERSHIP CONTRIBUTION OF TIME IN 2012 - 2013



- Cost Sharing Advisory Group (864)
- Negotiations Resource Team (862)
- Board of Directors (370)
- Value, Influence, Trends and Leadership Task Group (150)
- Search Committee for Executive Director (129)
- Serials Management Task Group (128)
- Finance & Audit Committee (70)
- Open Access Working Group (54)
- Executive Committee (43)
- Perpetual Access Task Group (3)

One of the ways that CRKN achieves impact is by reducing or eliminating redundant activities on behalf of members. Through centralized negotiation and administration, and by leveraging the contributions of time and expertise of members, these savings can be passed along to members. The different tasks performed to renew and administer licenses are presented here, including the support of and leverage of the NRT. These activities do not include governance or task group support. In 2012-2013 CRKN renegotiated 16 licenses and administered a total of 54.

Time contributions from 53 members carrying out 80 roles including the Board of Directors, Standing Committees and purpose-driven task groups comprised a total of 2,673 hours in and around 58 meetings.



*Financial Statements of  
États financiers du*

**CANADIAN RESEARCH  
KNOWLEDGE NETWORK**

**RÉSEAU CANADIEN DE DOCUMENTATION  
POUR LA RECHERCHE**

*March 31, 2013  
31 mars 2013*

## Independent Auditor's Report

To the Members of  
Canadian Research Knowledge Network

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Canadian Research Knowledge Network (CRKN), which comprise the statement of financial position as at March 31, 2013, and the statements of revenue and expenses, 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.

### *Auditor's 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 judgement, 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 entity'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 entity'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.

## Rapport de l'auditeur indépendant

Aux membres du  
Réseau canadien de documentation pour la recherche

### *Rapport sur les états financiers*

Nous avons effectué l'audit des états financiers ci-joints du Réseau canadien de documentation pour la recherche (RCDR), qui comprennent le bilan au 31 mars 2013, et les états des revenus et des dépenses, de l'évolution de l'actif net et des flux de trésorerie de l'exercice clos à cette date ainsi qu'un résumé des principales méthodes comptables et d'autres informations explicatives.

### *Responsabilité de la direction pour les états financiers*

La direction est responsable de la préparation et de la présentation fidèle de ces états financiers conformément aux normes comptables canadiennes pour les organismes sans but lucratif, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

### *Responsabilité de l'auditeur*

Notre responsabilité consiste à exprimer une opinion sur les états financiers, sur la base de notre audit. Nous avons effectué notre audit selon les normes d'audit généralement reconnues du Canada. Ces normes requièrent que nous nous conformions aux règles de déontologie et que nous planifions et réalisons l'audit de façon à obtenir l'assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états financiers. Le choix des procédures relève du jugement de l'auditeur, et notamment de son évaluation des risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. Dans l'évaluation de ces risques, l'auditeur prend en considération le contrôle interne de l'entité portant sur la préparation et la présentation fidèle des états financiers afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'entité. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états financiers.

## **Independent Auditor's Report (continued)**

### *Auditor's Responsibility (continued)*

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 CRKN as at March 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Report on Other Legal and Regulatory Requirements**

As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

## **Rapport de l'auditeur indépendant (suite)**

### *Responsabilité de l'auditeur (suite)*

Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

### *Opinion*

À notre avis, les états financiers donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière du RCDR aux 31 mars 2013, ainsi que de ses résultats d'exploitation et de ses flux de trésorerie pour l'exercice clos à cette date, conformément aux normes comptables canadiennes pour les organismes sans but lucratif.

### **Rapport relatif à d'autres exigences légales et réglementaires**

Selon les exigences de la Loi sur les corporations canadiennes, nous déclarons qu'à notre avis, ces principes ont été appliqués de la même manière qu'au cours de l'exercice précédent.

*Deloitte LLP/s.n.l.*

Chartered Professional Accountants, Chartered Accountants  
Licensed Public Accountants

June 20, 2013

Comptables professionnels agréés, Comptables agréés  
Experts-comptables autorisés

Le 20 juin 2013

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Statement of Changes in Net Assets	3	État de l'évolution de l'actif net
Statement of Cash Flows	4	État des flux de trésorerie
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Schedule B - DCI Sustainability Revenue and Expenses	13	Annexe B - Revenus et dépenses de la période de soutenabilité de l'ICN

**CANADIAN RESEARCH  
KNOWLEDGE NETWORK**  
Statement of Financial Position  
as at March 31, 2013

**RÉSEAU CANADIEN DE DOCUMENTATION  
POUR LA RECHERCHE**  
Bilan  
au 31 mars 2013

	<u>2013</u>	<u>2012</u>	
<b>CURRENT ASSETS</b>			<b>ACTIF À COURT TERME</b>
Cash	\$ 7,084,064	\$ 2,076,927	Encaisse
License and operations fees receivable	10,428,050	279,990	Frais de licences et d'exploitation à recevoir
Government remittances receivable	454,399	1,972,137	Sommes à recevoir de l'État
Canada Foundation for Innovation (CFI) holdback receivable	17,094	17,094	Retenue sur contrat recevable de la Fondation canadienne pour l'innovation (FCI)
Prepaid licenses	58,421,541	64,063,766	Licences payées d'avance
Prepaid licenses - DCI sustainability period	2,555,970	2,594,371	Licences payées d'avance - Période de soutenabilité du projet de l'ICN
Other prepaid expenses	55,804	58,072	Autres frais payés d'avance
	<b>79,016,922</b>	<b>71,062,357</b>	
<b>CAPITAL ASSETS (note 5)</b>	<b>166,874</b>	<b>121,783</b>	<b>IMMOBILISATIONS CORPORELLES (note 5)</b>
	<b>\$ 79,183,796</b>	<b>\$ 71,184,140</b>	
<b>CURRENT LIABILITIES</b>			<b>PASSIF À COURT TERME</b>
Accounts payable and accrued liabilities	\$ 8,988,015	\$ 1,911,498	Créditeurs et frais courus
Government remittances payable	1,628,010	67,769	Sommes à remettre à l'État
Deferred revenue for license fees (note 6)	64,195,066	64,404,534	Revenus reportés relatifs aux frais de licences (note 6)
Deferred revenue - DCI project (initial period) (note 7)	-	226,915	Revenus reportés - Projet de l'ICN (période initiale) (note 7)
Deferred revenue - DCI sustainability period (note 7)	2,500,008	2,482,447	Revenus reportés - Période de soutenabilité du projet de l'ICN (note 7)
	<b>77,311,099</b>	<b>69,093,163</b>	
<b>NET ASSETS</b>			<b>ACTIF NET</b>
Invested in capital assets	166,874	121,783	Investi en immobilisations corporelles
Internally restricted (note 11)	744,689	17,094	Affecté d'origine interne (note 11)
Unrestricted	961,134	1,952,100	Non affecté
	<b>1,872,697</b>	<b>2,090,977</b>	
	<b>\$ 79,183,796</b>	<b>\$ 71,184,140</b>	

APPROVED BY THE BOARD OF DIRECTORS

AU NOM DU CONSEIL D'ADMINISTRATION

Administrator

 C.P.A.

Administrator



**CANADIAN RESEARCH  
KNOWLEDGE NETWORK**  
Statement of Revenue and Expenses  
year ended March 31, 2013

**RÉSEAU CANADIEN DE DOCUMENTATION  
POUR LA RECHERCHE**  
État des revenus et des dépenses  
de l'exercice clos le 31 mars 2013

	Budget 2013 (unaudited) (non audité)	<b>2013</b>	2012	
<b>Revenue</b>				<b>Revenus</b>
License fees	<b>\$ 81,600,000</b>	<b>\$ 85,424,699</b>	\$ 82,187,544	Frais de licences
DCI project (initial period) (Schedule A)	<b>240,000</b>	<b>226,915</b>	1,223,684	Projet de l'ICN (période initiale) (Annexe A)
DCI sustainability period (Schedule B)	<b>5,900,417</b>	<b>5,307,307</b>	4,506,760	Période de soutenabilité du projet de l'ICN (Annexe B)
Operation fees	<b>939,264</b>	<b>942,372</b>	916,350	Frais d'exploitation
Interest	<b>165,000</b>	<b>178,842</b>	203,291	Intérêts
Other	<b>49,000</b>	<b>53,278</b>	51,755	Autres
	<b>88,893,681</b>	<b>92,133,413</b>	89,089,384	
<b>Expenses</b>				<b>Dépenses</b>
Licenses	<b>81,600,000</b>	<b>85,424,699</b>	82,187,544	Licences
DCI project (initial period) (Schedule A)	<b>240,000</b>	<b>226,915</b>	1,223,684	Projet de l'ICN (période initiale) (Annexe A)
DCI sustainability period (Schedule B)	<b>5,900,417</b>	<b>5,307,307</b>	4,506,760	Période de soutenabilité du projet de l'ICN (Annexe B)
Salaries and benefits	<b>662,115</b>	<b>605,498</b>	540,669	Salaires et avantages sociaux
Professional fees	<b>287,475</b>	<b>297,661</b>	290,367	Honoraires professionnels
Insurance	<b>6,706</b>	<b>6,827</b>	6,673	Assurances
Administration	<b>207,537</b>	<b>186,646</b>	504,759	Administration
Telecommunications	<b>18,420</b>	<b>17,477</b>	13,993	Télécommunications
Meetings and conferences	<b>77,415</b>	<b>78,465</b>	89,600	Réunions et conférences
Meals, travel and accommodations	<b>89,160</b>	<b>112,768</b>	86,273	Repas, déplacements et logements
Amortization of capital assets	<b>75,828</b>	<b>87,430</b>	198,820	Amortissement des immobilisations corporelles
	<b>89,165,073</b>	<b>92,351,693</b>	89,649,142	
<b>DEFICIENCY OF EXPENSES OVER REVENUE</b>	<b>\$ (271,392)</b>	<b>\$ (218,280)</b>	\$ (559,758)	<b>INSUFFISANCE DES DÉPENSES SUR LES REVENUS</b>

**CANADIAN RESEARCH  
KNOWLEDGE NETWORK**  
Statement of Changes in Net Assets  
year ended March 31, 2013

**RÉSEAU CANADIEN DE DOCUMENTATION  
POUR LA RECHERCHE**  
État de l'évolution de l'actif net  
de l'exercice clos le 31 mars 2013

	Invested in Capital Assets	Internally Restricted	Unrestricted	Total		
	Investi en immobilisations corporelles	Affecté d'origine interne	Non affecté	2013	2012	
BALANCE, BEGINNING OF YEAR	\$ 121,783	\$ 17,094	\$ 1,952,100	\$ 2,090,977	\$ 2,650,735	SOLDE AU DÉBUT
Deficiency of expenses over revenue	-	-	(218,280)	(218,280)	(559,758)	Insuffisance des dépenses sur les revenus
Purchase of capital assets	132,521		(132,521)	-	-	Acquisition d'immobilisations corporelles
Amortization of capital assets	(87,430)		87,430	-	-	Amortissement des immobilisations corporelles
Transfer (note 11)	-	727,595	(727,595)	-	-	Transfert (note 11)
<b>BALANCE, END OF YEAR</b>	<b>\$ 166,874</b>	<b>\$ 744,689</b>	<b>\$ 961,134</b>	<b>\$ 1,872,697</b>	<b>\$ 2,090,977</b>	<b>SOLDE À LA FIN</b>

**CANADIAN RESEARCH  
KNOWLEDGE NETWORK**  
Statement of Cash Flows  
year ended March 31, 2013

**RÉSEAU CANADIEN DE DOCUMENTATION  
POUR LA RECHERCHE**  
État des flux de trésorerie  
de l'exercice clos le 31 mars 2013

	<u>2013</u>	<u>2012</u>	
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:			AUGMENTATION (DIMINUTION) DE L'ENCAISSE LIÉE AUX ACTIVITÉS SUIVANTES :
OPERATING			EXPLOITATION
Deficiency of expenses over revenues	\$ (218,280)	\$ (559,758)	Insuffisance des dépenses sur les revenus
Item not affecting cash			Élément sans incidence sur l'encaisse
Amortization of capital assets	87,430	198,820	Amortissement des immobilisations corporelles
	<b>(130,850)</b>	<b>(360,938)</b>	
Changes in non-cash operating working capital items:			Variation des éléments hors caisse du fonds de roulement d'exploitation :
Decrease (increase) in license and operations fees receivable	(10,148,060)	1,170,040	Diminution (augmentation) des frais de licences et d'exploitation à recevoir
Decrease (increase) in Government remittances receivable	1,517,738	(1,790,496)	Diminution (augmentation) des sommes à recevoir de l'État
Decrease in CFI holdback receivable	-	137,830	Diminution de la retenue sur contrat recevable de la FCI
Decrease (increase) in prepaid licenses	5,680,626	(3,908,319)	Diminution (augmentation) des licences payées d'avance
Decrease (increase) in other prepaids	2,268	(2,037)	Diminution (augmentation) des autres frais payés d'avance
Increase in accounts payable and accrued liabilities	7,076,517	1,501,076	Augmentation des créditeurs et frais courus
Increase in Government remittances payable	1,560,241	66,989	Augmentation des sommes à payer à l'État
Increase (decrease) in deferred revenue	(418,822)	2,952,684	Augmentation (diminution) des revenus reportés
	<b>5,139,658</b>	<b>(233,171)</b>	
INVESTING			INVESTISSEMENT
Purchase of capital assets	(132,521)	(89,073)	Acquisition d'immobilisations corporelles
NET CASH INFLOW (OUTFLOW)	<b>5,007,137</b>	<b>(322,244)</b>	AUGMENTATION (DIMINUTION) NETTE DE L'ENCAISSE
CASH, BEGINNING OF YEAR	<b>2,076,927</b>	2,399,171	ENCAISSE AU DÉBUT
CASH, END OF YEAR	<b>\$ 7,084,064</b>	<b>\$ 2,076,927</b>	ENCAISSE À LA FIN



## 1. NATURE OF ACTIVITIES

The Canadian Research Knowledge Network (CRKN) was incorporated on April 1, 2004 under the Canada Corporations Act. Its mission is to expand digital content for the academic research enterprise in Canada. Through the coordinated leadership of librarians, researchers, and administrators, CRKN undertakes large-scale content acquisition and licensing initiatives in order to build knowledge infrastructure and research capacity in Canada's universities.

CRKN is a federally-incorporated not-for-profit organization and as such is exempt from income taxes.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and reflect the following significant accounting policies:

### *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value when CRKN becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost except for the following instruments:

- a) Derivative financial instruments that are not designated in a qualifying hedging relationship, which are measured at fair value at the balance sheet date. The fair value of listed shares is based on the latest closing price and the fair value quote received from the bank counterparty is used as a proxy for the fair value of derivative financial instruments.

## 1. DESCRIPTION DES ACTIVITÉS

Le Réseau canadien de documentation pour la recherche (RCDR) a été constitué le 1<sup>er</sup> avril 2004 en vertu de la Loi sur les corporations canadiennes. Sa mission a pour objet l'expansion du contenu numérique pour la recherche universitaire au Canada. Sous la direction concertée de bibliothécaires, de chercheurs et d'administrateurs, le RCDR fait l'acquisition du contenu et négocie des licences sur une grande échelle en vue de bâtir une infrastructure de connaissance et une capacité de recherche dans les universités canadiennes.

RCDR est un organisme sans but lucratif et est, par conséquent, exonéré d'impôt.

## 2. PRINCIPALES MÉTHODES COMPTABLES

Les états financiers ont été dressés selon les normes comptables canadiennes pour les organismes sans but lucratif, et tiennent compte des principales méthodes comptables suivantes :

### *Instruments financiers*

Les actifs financiers et les passifs financiers sont constatés initialement à la juste valeur au moment où RCDR devient partie aux dispositions contractuelles de l'instrument financier. Par la suite, tous les instruments financiers sont évalués au coût après amortissement, à l'exception des instruments suivants :

- a) Les instruments financiers dérivés qui ne sont pas désignés comme éléments constitutifs d'une relation de couverture admissible, lesquels sont évalués à la juste valeur à la date de clôture. La juste valeur des actions cotées est établie à partir du dernier cours de clôture et le cours de la juste valeur reçue de la contrepartie bancaire tient lieu de juste valeur pour des instruments financiers dérivés.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Financial instruments (continued)*

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, CRKN recognizes in net earnings an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the statements of revenue and expenses in the period the reversal occurs.

### *Embedded foreign currency derivative*

The CRKN will account for embedded foreign currency derivative in a host contract that is not a financial instrument as a single instrument, provided it is not leveraged, does not contain an option feature, and requires payments denominated in a currency that is commonly used in contracts to purchase items in the economic environment in which the transaction takes place.

### *Revenue recognition*

The CRKN follows the deferral method of accounting for revenues. Unrestricted revenues (all revenue but operation and license fees) are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Operation fees and license fees that pertain to subsequent years are deferred and recognized as revenue in the period to which they relate.

## 2. PRINCIPALES MÉTHODES COMPTABLES (suite)

### *Instruments financiers (suite)*

Les coûts de transaction liés aux instruments financiers évalués après leur comptabilisation initiale à la juste valeur sont passés en charges au moment où ils sont engagés. Dans le cas des autres instruments financiers, les coûts de transaction sont comptabilisés en augmentation de la valeur comptable de l'actif ou en diminution de la valeur comptable du passif et sont ensuite constatés sur la durée de vie utile prévue de l'instrument selon la méthode linéaire. Tout escompte ou prime lié à un instrument évalué au coût après amortissement est amorti sur la durée de vie prévue de l'instrument selon la méthode linéaire et comptabilisé en résultat net à titre de produit ou de charge d'intérêt.

Dans le cas des actifs financiers évalués au coût ou au coût après amortissement, le RCDR comptabilise en résultat net une réduction de valeur, le cas échéant, lorsqu'il y a des indications de dépréciation et qu'elle observe un changement défavorable important dans le calendrier ou le montant prévu des flux de trésorerie futurs. Lorsque l'ampleur de la dépréciation d'un actif précédemment déprécié se réduit et que la réduction peut être rattachée à un événement postérieur à la comptabilisation de la moins-value, la moins-value déjà comptabilisée fait l'objet d'une reprise à même l'état des revenus et des dépenses de l'exercice au cours duquel la reprise a lieu.

### *Dérivé en monnaie étrangère incorporé*

Le RCDR traitera un dérivé en monnaie étrangère incorporé dans un contrat hôte qui n'est pas un instrument financier comme un instrument unique, à la condition qu'il ne soit pas soumis à un effet de levier, qu'il ne comporte pas d'option et qu'il prévoit des paiements libellés dans une monnaie couramment utilisée dans les contrats d'achats d'éléments non financiers dans l'environnement économique où intervient la transaction.

### *Constataion des produits*

Le RCDR applique la méthode du report pour les revenus. Les produits non affectés (tous les revenus à l'exception des frais d'exploitation et de licences) sont constatés au moment où ils sont reçus ou lorsqu'ils sont recevables si le montant recevable peut raisonnablement être estimé et que le recouvrement est raisonnablement assuré. Les frais d'exploitation et les frais de licence relatifs aux exercices ultérieurs sont reportés et comptabilisés comme revenus dans la période à laquelle ils se rapportent.

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Capital assets*

Capital assets are recorded at cost, and are being amortized on a straight-line basis over the following terms:

Office equipment	5 years
Computer equipment	3 years
Website	3 years
Computer software	3 years
Phone equipment	5 years
Leasehold improvements	5 years

*Allocation of expenses*

Certain administrative expenses are allocated to the sustainability period of the DCI project in accordance with the budget approved by CRKN's Board of Directors. The allocated expenses are disclosed in Schedule B to the financial statements. The initial phase of the DCI project is significantly complete at March 31, 2013, and the last of the billing for the final year of the sustainability period will take place in April and May 2013.

*Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The estimated useful life of capital assets and the accrued liabilities are the most significant items where estimates are used. Actual results could differ from these estimates.

**2. PRINCIPALES MÉTHODES COMPTABLES (suite)**

*Immobilisations corporelles*

Les immobilisations corporelles sont comptabilisées au coût et amorties selon la méthode de l'amortissement linéaire en fonction des durées suivantes :

Matériel de bureau	5 ans
Matériel informatique	3 ans
Site Web	3 ans
Logiciels informatiques	3 ans
Équipement téléphonique	5 ans
Améliorations locatives	5 ans

*Ventilation des dépenses*

La ventilation de certaines dépenses administratives à la période de soutenabilité du projet de l'ICN est effectuée conformément au budget approuvé par le Conseil d'administration du RCDR. Les dépenses ventilées sont présentées à l'annexe B des états financiers. La période initiale du projet de l'ICN est substantiellement complétée au 31 mars 2013 et la dernière facturation pour la période de soutenabilité s'effectuera en avril et mai 2013.

*Utilisation d'estimations*

Dans le cadre de la préparation des états financiers, conformément aux Normes comptables canadiennes pour les organismes sans but lucratif, la direction doit établir des estimations et des hypothèses qui ont une incidence sur les montants des actifs et des passifs présentés et sur la présentation des actifs et des passifs éventuels à la date des états financiers, ainsi que sur les montants des produits d'exploitation et des charges constatés au cours de la période visée par les états financiers. La durée de vie utile estimative des immobilisations corporelles et les frais courus sont les éléments les plus importants pour lesquels des estimations ont été utilisées. Les résultats réels pourraient varier par rapport à ces estimations.

#### 4. CAPITAL MANAGEMENT

The CRKN's objectives in managing capital (net assets) are:

- a) to ensure that sufficient financial resources are in place to deliver on the priorities set by the Board of Directors;
- b) to maintain a minimum reserve for an operational contingency;
- c) to invest funds in financial instruments which present a conservative or low risk, in accordance with its investment policy statement; and
- d) to determine, on a regular basis, the appropriate level of dues to be charged to members.

CRKN manages its capital to ensure that there are adequate capital resources to provide services to members. CRKN does not have any short-term or long-term debt.

CRKN monitors its capital by reviewing various financial metrics, including cash flow and variances to forecasts and budgets.

CRKN follows a budget monitoring and modification policy to routinely and systematically evaluate financial results to budget and, as required, inform the Finance & Audit Committee and Board of deviations.

CRKN also employs a net asset policy (as amended during the year ended March 31, 2013 and formerly unrestricted net asset policy) to govern management of net assets and to ensure responsible stewardship of organizational equity on behalf of members. In particular, the policy specifies a minimum and maximum limit to unrestricted net assets, and formally restricts net assets equivalent to one half of its operation budget each year. For the year ended March 31, 2013, CRKN is formally restricting its net assets for the first time in accordance with the policy.

Except for the changes to the net asset policy, capital management objectives, policies and procedures are unchanged since the preceding year. CRKN has complied with all capital requirements.

#### 4. GESTION DU CAPITAL

Les objectifs du RCDR en ce qui a trait à la gestion de son capital (actif net) sont les suivants :

- a) de s'assurer d'avoir les ressources financières suffisantes pour respecter les priorités déterminées par le Conseil d'administration;
- b) de maintenir une réserve pour une éventualité opérationnelle;
- c) d'investir ses fonds dans des instruments financiers à risque faible ou conservateur, en accord avec sa politique de placement;
- d) de déterminer, sur une base régulière, les cotisations appropriées à imposer aux membres.

RCDR gère son capital de façon à s'assurer que les ressources financières sont adéquates afin d'offrir les services aux membres. Le RCDR n'a pas de dette à court terme ni de dette à long terme.

RCDR contrôle son capital en révisant différentes mesures financières, incluant les flux de trésorerie et les écarts par rapport aux prévisions et aux budgets.

RCDR a adopté un politique de gestion et de modification du budget afin de systématiquement évaluer les résultats financiers contre le budget et, si nécessaire, avertir le Conseil des déviations.

Le RCDR utilise également une politique quant à la gestion de son actif net (tel que modifiée au cours de l'exercice clos le 31 mars 2013 et jusqu'ici une politique de la gestion de son actif non affecté) qui gouverne la gestion de son actif net afin d'assurer aux membres une gestion responsable des capitaux organisationnels détenus en leur nom. En particulier, la politique précise une limite minimale et maximale quant à l'actif net non affecté et réserve à chaque année l'équivalent de la moitié du budget pour les opérations à l'actif net affecté. Conformément à cette politique, RCDR a affecté formellement son actif net pour la première fois au cours de l'exercice clos le 31 mars 2013.

À l'exception des modifications faites à la politique sur la gestion de l'actif net, les objectifs, politiques et procédures ayant trait à la gestion du capital sont demeurés inchangés par rapport à l'exercice précédent. RCDR a respecté toutes les exigences concernant son capital.

**5. CAPITAL ASSETS**

	2013		2012		
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
	Coût	Amortissement cumulé	Valeur nette	Valeur nette	
Office equipment	\$ 84,808	\$ 76,196	\$ 8,612	\$ 10,157	Matériel de bureau
Computer equipment	35,518	34,416	1,102	3,315	Matériel informatique
Website	90,401	66,248	24,154	52,157	Site Web
Computer software/systems	77,137	34,140	42,997	53,205	Logiciels informatiques
Phone equipment	7,073	7,073	-	607	Équipement téléphonique
Leasehold improvements	112,511	22,501	90,009	2,342	Améliorations locatives
	<b>\$ 407,448</b>	<b>\$ 240,574</b>	<b>\$ 166,874</b>	<b>\$ 121,783</b>	

**5. IMMOBILISATIONS CORPORELLES**

**6. DEFERRED REVENUE FOR LICENSE FEES**

Deferred revenue relates to amounts received or receivable from members for license fees for future fiscal years.

**6. REVENUS REPORTÉS RELATIFS AUX FRAIS DE LICENCES**

Les revenus reportés se rapportent aux montants reçus ou à recevoir en provenance des membres pour les frais de licences et d'exploitation des exercices subséquents.

	2013	2012	
Balance, beginning of year	\$ 64,404,534	\$ 61,175,032	Solde au début
Contributions received during the year	85,215,231	85,417,046	Apports reçus au cours de l'exercice
Contributions recognized as revenue	(85,424,699)	(82,187,544)	Apports constatés comme revenus
Balance, end of year	<b>\$ 64,195,066</b>	\$ 64,404,534	Solde à la fin

**7. DEFERRED REVENUE - DCI PROJECT (INITIAL PERIOD)**

Deferred revenue relates to contributions for the DCI Project received or receivable from the Canada Foundation for Innovation (CFI), provincial governments and participating institutions for DCI Project fees that pertain to future fiscal years.

**7. REVENUS REPORTÉS - PROJET DE L'ICN (PÉRIODE INITIALE)**

Les revenus reportés se rapportent aux apports reçus ou à recevoir de la Fondation canadienne pour l'innovation (FCI), des gouvernements provinciaux et des institutions participantes au projet de l'ICN pour les frais du projet des exercices subséquents.

	2013	2012	
Balance, beginning of year	\$ 226,915	\$ 1,135,185	Solde au début
Contributions received during the year	-	315,414	Apports reçus au cours de l'exercice
Contributions recognized as revenue	(226,915)	(1,223,684)	Apports constatés comme revenus
Balance, end of year	<b>\$ -</b>	\$ 226,915	Solde à la fin

**8. DEFERRED REVENUE - DCI SUSTAINABILITY PERIOD**

Deferred revenue relates to contributions required for the sustainability period of the DCI Project received or receivable from participating institutions for future fiscal years. In addition, DCI participants were invoiced \$144,441 during the year (2012 - \$143,160) to offset administrative costs approved by the board and attributed to the sustainability period.

	<u>2013</u>	<u>2012</u>	
Balance, beginning of year	\$ 2,482,447	\$ 1,850,995	Solde au début
Contributions received during the year	5,324,868	5,138,212	Apports reçus au cours de l'exercice
Contributions recognized as revenue	<u>(5,307,307)</u>	<u>(4,506,760)</u>	Apports constatés comme revenus
Balance, end of year	<u>\$ 2,500,008</u>	<u>\$ 2,482,447</u>	Solde à la fin

**8. REVENUS REPORTÉS - PÉRIODE DE SOUTENABILITÉ DU PROJET DE L'ICN**

Les revenus reportés se rapportent aux apports requis pour la période de soutenabilité du projet de l'ICN reçus ou à recevoir des institutions participantes pour les exercices subséquents. De plus les participants de l'ICN ont été facturés un montant total de 144 441 \$ au cours de l'exercice (2012 – 143 160 \$) pour compenser les frais d'administration approuvés par le Conseil et affectés à la période de soutenabilité.

**9. FINANCIAL INSTRUMENTS**

*Credit risk*

The risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

*Foreign currency risk*

Foreign currency exposure arises from CRKN's purchases of licenses in U.S. dollars and British pounds. CRKN uses forward contracts to mitigate its risks.

*Fair value*

Fair values of assets and liabilities approximate amounts at which these instruments could be exchanged in a transaction between knowledgeable and willing parties.

**9. INSTRUMENTS FINANCIERS**

*Risque de crédit*

C'est le risque qu'une des parties à un instrument financier manque à ses obligations et fasse subir une perte financière à l'autre partie.

*Risque de change*

Le risque de change découle de l'achat de licences en dollars américaines et en livres sterling. RCDR utilise des contrats de change à terme afin d'atténuer son risque.

*Juste valeur*

La juste valeur des éléments d'actif et de passif correspond approximativement au montant auquel ces instruments pourraient être échangés dans une opération conclue par des parties renseignées et agissant de leur plein gré.

**9. FINANCIAL INSTRUMENTS (continued)**

*Derivative financial instruments*

CRKN uses foreign exchange forward contracts to manage the currency risk inherent in future expenditures for licenses. During the year, the CRKN concluded foreign exchange forward contracts to hedge the U.S. dollar and British pound foreign exchange exposure related to the licenses to be purchased. These derivative instruments were not entered into for speculative purposes but rather for administrative convenience and operational efficiency in managing the effects of changes in foreign exchange rates on CRKN activities. Under these foreign exchange forward contracts, the CRKN has the obligation to buy U.S. dollars and British pounds at a specified rate. Risks may arise upon entering these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of a foreign currency relative to the Canadian dollar.

As at March 31, 2013, CRKN held the following forward contracts with Western Union:

Maturity (contracts maturing...)	Forward Exchange Rate (ranging from...)	Notional Principal Amount	Net unrealized gain (loss) in CDN\$
Maturité (contrats venant à échéance...)	Taux de change à terme (variant de ...)	Valeur nominale principale	Gain (perte) non réalisé en \$CAN
April 19/19 avril 2013 - July 31/31 juillet 2013	1.0270 - 1.0350 CDN\$/USD	8,029,848 USD	\$ (112,931)
May 17/17 mai 2013	1.5400 CDN\$/GBP	505,068 GBP	\$ (1,162)

Net unrealized loss as at  
March 31, 2013

Perte non réalisée  
au 31 mars 2013 **\$ (114,093)**

The net unrealized loss of \$114,093 (2012 - gain of \$5,079) is fully offset by amounts receivable from member universities. Upon maturity of the forward contract, any realized gain or loss is offset against the hedged currency gain or loss. Therefore, there is no impact on net assets or excess of revenue over expenses.

La perte non réalisée de 114 093 \$ (gain de 5 079 \$ en 2012) est totalement compensée par les montants recevables des universités membres. À la date de maturité des contrats de change à terme, tout gain ou perte réalisé est compensé contre le montant de gain ou perte de change couvert. Il n'y a donc aucun impact sur l'actif net ou sur l'excédent des revenus sur les dépenses.

**10. PENSION ASSISTANCE PROGRAM**

CRKN's employees contribute to the defined contribution plan of the Association of Universities and Colleges of Canada Pension Plan. The employer's contributions for the year were \$49,639 (2012 - \$44,000).

**11. INTERNALLY RESTRICTED NET ASSETS**

For the year ending March 31, 2013, the Board of Directors approved a transfer of \$727,595 from unrestricted net asset to internally restricted to comply with the net assets policy and ensure sufficient funds for operational contingencies (2012 - \$137,830 was transferred from internally restricted to unrestricted).

**12. COMMITMENTS**

CRKN has commitments for the rental of space through to March 31, 2017 and for the rental of office equipment through to September 30, 2017. Minimum lease payments for the rental period are \$499,118 and \$104,301, respectively.

CRKN also has commitments for the purchase of licenses:

<b>2014</b>	<b>\$2,473,945 CDN</b>
<b>2014</b>	<b>555,308 GBP</b>
<b>2014</b>	<b>\$58,910,973 USD</b>
<b>2014</b>	<b>541,029 GBP</b>
<b>2014</b>	<b>\$23,282,585 USD</b>

CRKN has the following commitments for the purchase of foreign currency through the use of forward contracts at March 31, 2013:

<b>2014</b>	<b>8,029,848 USD</b>
<b>2015</b>	<b>505,068 GBP</b>

**10. PROGRAMME D'AIDE AUX RETRAITÉS**

Les employé(e)s de RCDR participent au Régime de retraite à cotisations déterminées de l'Association des universités et collèges du Canada. Les cotisations de l'employeur pour l'exercice étaient de 49,639 \$ (44 000 \$ en 2012).

**11. ACTIF NET AFFECTÉ D'ORIGINE INTERNE**

Pour l'exercice clos le 31 mars 2013, le Conseil d'administration a approuvé un transfert de 727 595 \$ de l'actif net non affecté au montant affecté d'origine interne pour respecter les exigences de la politiques sur l'actif net et assurer d'avoir suffisamment de fond pour subvenir aux éventualités (2012 - 137 830 \$ a été transféré du montant affecté d'origine interne à l'actif net non affecté)

**12. ENGAGEMENTS**

RCDR s'est engagé à louer des locaux jusqu'au 31 mars 2017 et à louer du matériel de bureau jusqu'au 30 septembre 2017. Les versements minimums exigibles pour la durée des baux s'élèvent à 499 118 \$ et à 104 301 \$, respectivement.

RCDR s'est aussi engagé à acquérir des licences :

RCDR s'est engagé à acquérir les devises étrangères suivantes en utilisant des contrats de change à terme au 31 mars 2013 :



**CANADIAN RESEARCH  
KNOWLEDGE NETWORK**  
Schedule A - DCI Project (Initial Period)  
Revenue and Expenses  
year ended March 31, 2013

**RÉSEAU CANADIEN DE DOCUMENTATION  
POUR LA RECHERCHE**  
Annexe A - Revenus et dépenses du  
projet de l'ICN (période initiale)  
de l'exercice clos les 31 mars 2013

	<u>2013</u>	<u>2012</u>	
License and Administration Revenue	\$ 226,915	\$ 1,223,684	Revenus de licences et d'administration
License expenses	\$ 226,915	\$ 1,223,684	Dépenses reliées aux licences

**Schedule B - DCI Sustainability  
Revenue and Expenses**  
year ended March 31, 2013

**Annexe B - Revenus et dépenses de la période  
de soutenabilité du projet de l'ICN**  
de l'exercice clos le 31 mars 2013

	<u>2013</u>	<u>2012</u>	
Revenue			Revenus
License fees	\$ 5,162,866	\$ 4,363,600	Frais de licences
Administration fees	144,441	143,160	Frais d'administration
	<b>\$ 5,307,307</b>	<b>\$ 4,506,760</b>	
Expenses			Dépenses
Licenses	\$ 5,162,866	\$ 4,363,600	Licences
Salary and benefits	64,896	60,000	Salaires et avantages sociaux
Legal fees	-	9,996	Honoraires de services juridiques
Translation	-	20,004	Traduction
Contractor	78,045	49,164	Entrepreneur
Conference calls	1,000	2,496	Appels conférence
Travel	500	1,500	Déplacements
	<b>\$ 5,307,307</b>	<b>\$ 4,506,760</b>	