

# Canadian Research Knowledge Network

## Annual Report

2017-2018



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# Message from the Chair



As I near the end of my second year as CRKN Chair, I continue to be impressed by the contribution that CRKN makes to digital research infrastructure and access to scholarly content in Canada. It has been my pleasure to Chair an engaging Board of Directors. This group of experts leads CRKN through the challenges and opportunities of ensuring access to vital scholarly content for the Canadian research enterprise. The research output from Canadian universities is a pillar of Canada's economy, heritage, and culture, and the work of CRKN ensures that Canadian universities continue to provide world-class research and learning environments.

This past year has seen a number of international and national collaborations as the scholarly communication community works to meet shared goals while building efficiencies and linkages between organizations, projects, and initiatives. Born of such an approach, the CRKN and Canadiana.org merger brings together two of Canada's highest impact content-based national organizations serving Canada's research community. Expanding CRKN's portfolio through this merger builds on the strengths of the organization and our ability to collaboratively and collectively make significant and meaningful contributions to scholarship in Canada. I look forward, with anticipation, as CRKN, through the digitization, preservation, and access services of Canadiana, increases access to documentary heritage content available now and for future generations.

CRKN continues to meet the goals and objectives of its strategic plan by expanding content and service offerings. CRKN maintains and strengthens sustainability while engaging and working on behalf of its members, and collaborating with national and international partners. The projects, collaborations, tools and services, offered by CRKN provide members with an array of resources to support innovative access to content and new models of scholarly communications. My thanks to the CRKN team as they work to fulfill the goals, objectives, and opportunities set by CRKN members with dedication and expertise.

I would like to thank the CRKN Board of Directors for their leadership and guidance, as well as all of CRKN's committees, sub-committees, and task groups. Your contribution to CRKN as a partnership of Canadian universities allows CRKN to achieve its objectives and serve our community. I would also like to thank the CRKN membership for their continued support of CRKN.

Sincerely,

**Alan Shepard**

Chair, CRKN Board of Directors  
President and Vice-Chancellor,  
Concordia University

# Message from the Executive Director



As CRKN enters into the final phase of its current strategic plan, we continue to act as a catalyst for innovation and development, realizing our vision through our licensing activities, partnerships and collaborations.

I continue to be impressed by the leadership of CRKN's Board of Directors and its committees and task groups. The challenges facing academic libraries in the current scholarly communication landscape have a financial impact on CRKN members. Consortia colleagues internationally are addressing these challenges in a variety of ways in their negotiations, while in Canada, we continue to seek alternative options to traditional "big deal" packages, and CRKN has increased its capacity for providing collection analysis data to its members to assist in evidence-based collection decision-making. Over this past year, we have identified efficiencies and built collaboration through the License Transition Task Group and the Trusted Digital Repository Task Group.

Each year it is my pleasure to participate in a number of collaborative initiatives with the goal of advancing digital scholarship. We continue our international engagement through participation in the successfully renewed SCOAP<sup>3</sup> initiative, participation in the International Council of Library Consortia (ICOLC) community, and exploration of the OA2020 initiative. CRKN is pleased to act as the administrative lead organization for the ORCID Canada (ORCID-CA) consortium, a joint initiative of Canadian digital research stakeholders.

National collaborations include support for the Coalition Publi.ca partnership with Érudit and the Public Knowledge Project, participation in the National Heritage Digitization Strategy, the Leadership Council on Digital Research Infrastructure, as well as the continued support of the Canadian National Digital Heritage Index.

I am proud that 2017-2018 closed with the merger of CRKN and Canadiana.org, the successful conclusion of over two years of discovery, discussion, and planning. Through extensive consultations with CRKN and Canadiana.org members, as well as national stakeholders from the gallery, library, archive, and museum communities, our community enthusiastically supported the merger. As a combined organization, CRKN will continue its core licensing activities for scholarly journal content, while expanding support for the digitization, access, and preservation of Canadian heritage content through the services of Canadiana.

It is, as always, my pleasure to work with the CRKN team who demonstrate dedication and a level of professionalism that brings tremendous value to members. I continue to be grateful for the opportunity to work on behalf of, and with the members of CRKN.

Sincerely,

**Clare Appavoo**  
Executive Director

# About CRKN

## CRKN AT-A-GLANCE

8 Staff and a volunteer board



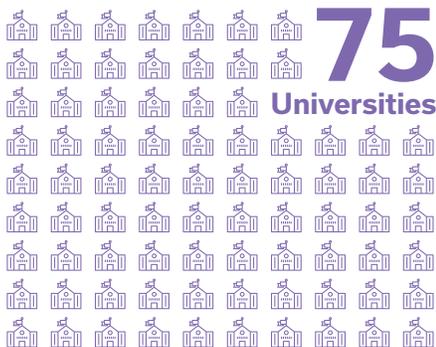
4 Standing committees



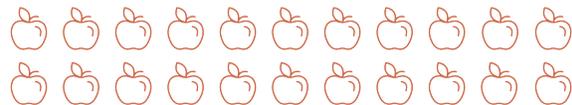
2 Associated task groups



Supporting member libraries from



For the benefit of **42,000** researchers and faculty



And **1M** Students across Canada



By managing license expenditures of

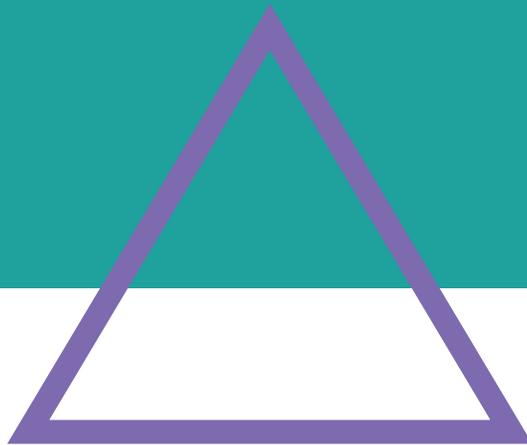


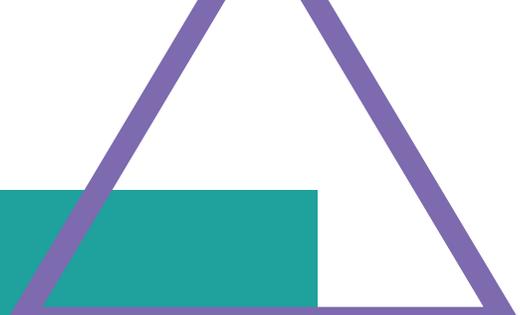
# MISSION

CRKN is a partnership of Canadian universities dedicated to expanding access to digital content for the academic research enterprise in Canada. Through the coordinated leadership of librarians, researchers, administrators, and other stakeholders in the research community, CRKN undertakes large-scale content acquisition and licensing initiatives in order to build knowledge infrastructure and research and teaching capacity in Canada's universities.

# VISION

CRKN is a catalyst for innovation and development and achieves the greatest possible impact in support of Canadian research, scholarship, creative activity and knowledge transfer by working creatively and collaboratively with other stakeholders.





# VALUES

## **Accountability**

CRKN is driven by and accountable to its membership.

## **Broad access**

CRKN is committed to securing the broadest possible access to the world's knowledge for the benefit of its member universities and the communities they serve.

## **Collaboration**

Commitment to collaboration and the building of partnerships among stakeholders underpin all CRKN operations and activities.

## **Transparency**

CRKN operates transparently, engaging in open dialogue, communicating its actions effectively, and responding to input in an ongoing fashion.

## **Consensus building**

CRKN recognizes the diversity within its member institutions and the research community, and builds consensus and understanding in achieving common goals.

## **Excellence**

CRKN is committed to excellence and the pursuit of continuous improvement in its services and operations.

# OUR MEMBERS

Acadia University  
Algoma University  
Athabasca University  
Bishop's University  
Brandon University  
Brock University  
Cape Breton University  
Carleton University  
Concordia University  
Concordia University of Edmonton  
Dalhousie University  
École nationale d'administration publique  
École Polytechnique de Montréal  
École de technologie supérieure  
HEC Montréal  
Institut national de la recherche scientifique  
The King's University  
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  
Télé-université du Québec

Thompson Rivers University  
Trent University  
Trinity Western University  
Université de Moncton  
Université de Montréal  
Université de Sherbrooke  
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 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 the Fraser Valley  
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

# Strategic Objectives: 2016-2018

## 1 Collaborate to Advance Digital Scholarship

We will assess the value of current and potential partnerships to best focus our resources and effort nationally and internationally. Our goal is to reduce redundancy, share and distribute expertise, and identify opportunities for joint funding initiatives.

## 3 Engage Members and Stakeholders

We will continue to develop and deliver strong member services and commit to engaging our members in authentic dialogue. We commit to fostering a high degree of trust and accountability with both our members and our stakeholders.

## 2 Expand Content and Service Offerings

CRKN will continue to support, strengthen and evaluate existing licenses, while developing and implementing a systematic process to identify and respond to the diverse and evolving content needs of CRKN members. We will assist our membership to meet the evolving needs of its stakeholders by offering new infrastructure and additional services, and by expanding its role in the scholarly communication life cycle by developing a systematic way to support open access publishing.

## 4 Maintain and Strengthen Sustainability

Through visionary leadership and resourcing of strategic priorities, we will leverage the total capacity of CRKN's membership and staff to provide a full range of seamless, consistently high-quality services in both official languages. CRKN will build the trust of its members and ensure their full understanding of the CRKN value proposition. CRKN will mitigate financial risk by providing a high ROI for members and by identifying initiatives or partnerships that will attract new funding.

# Board of Directors

CRKN is governed by a volunteer Board of Directors consisting of 10 members (eight elected, two appointed) drawn from the CRKN membership. The Board of Directors is supported by CRKN staff, and by three volunteer committees (Executive, Content Strategy, and Finance & Audit) one sub-committee (Serials

Management), and as needed by task groups to address particular issues. The structure of the organization is designed to be responsive to, and representative of the membership, while providing sufficient oversight and strategic vision to lead national content programs.



**Front row, from left to right:** Catherine Steeves, Gwen Bird, Alan Shepard, Clare Appavoo, Ian Nason  
**Back row, from left to right:** Daniel Godon, Todd Mundle, Melissa Just, Larry Alford, Trevor Davis, Lesley Balcom

**Dr. Alan Shepard**  
Chair  
President and Vice-Chancellor  
Concordia University

**Larry Alford**  
Chief Librarian  
University of Toronto

**Lesley Balcom**  
University Librarian  
University of New Brunswick

**Gwen Bird\***  
Vice-Chair  
University Librarian and Dean of Libraries  
Simon Fraser University

**Trevor Davis\***  
Executive Director, Research Operations  
Simon Fraser University

**Daniel Godon**  
Directeur du Service de la bibliothèque  
Université du Québec en Outaouais

**Melissa Just\***  
Dean, University Library  
University of Saskatchewan

**Todd Mundle**  
University Librarian  
Kwantlen Polytechnic University

**Ian Nason\***  
Treasurer  
Vice President, Finance and  
Administration  
Dalhousie University

**Catherine Steeves\***  
Vice-Provost and Chief Librarian  
Western University

**\*Member of the Executive Committee**

# Annual General Meeting

The 2017 Annual General Meeting (AGM) was held October 18-20 in Montreal. The meetings were well attended with 94 registered members and stakeholders, plus invited guest speakers and CRKN staff. Sessions included updates on licensing, the Trusted Digital Repository Task Group, License Transition Task Group, Journal Usage Project, National Heritage Digitization Strategy, Coalition Publi.ca, and the CRKN-Canadiana.org Merger Business Proposal. During the Annual Meeting of the Members, members were asked to vote on the motion to approve in principle the combination of operations with Canadiana.org, and authorize the Board of Directors to negotiate with Canadiana.org as described in the business proposal delivered to members prior to the meeting. Members voted overwhelmingly in favour indicating their ongoing financial support for a combined organization.

Members provided very positive comments during the event as well as through the feedback surveys, referring to the sessions as informative and well-paced. The event received an overall satisfaction rating of 96% (70% very satisfied, 26% satisfied).



Photos of members and staff during the welcome reception at the AGM

## Ron MacDonald Distinguished Service Award

The recipient of the Ron MacDonald Distinguished Service Award was celebrated at the 2017 AGM.

Brian Owen was recognized for his many achievements in his career and for his ongoing dedication to scholarly communication in Canada. Mr. Owen is Associate Dean of Libraries for Library Technology and Special Collections at Simon Fraser University and, since 2005, Managing Director of the Public Knowledge Project (PKP). He has worked to develop and strengthen the Canadian research framework, including work on the Negotiations Resource Team to develop CRKN's original model license.

The award event was generously sponsored by the libraries of Concordia University, Université de Montréal, Université du Québec à Montréal (UQAM), and HEC Montréal. This member recognition award, first conferred in 2010, honors the late Ron MacDonald, a key contributor to the development of CRKN's collaborative programs and services.



Brian Owen and CRKN Chair, Alan Shepard



Carol Shepstone, Gwen Bird, Brian Owen, Martha Whitehead, and Alan Shepard

# Projects and Collaborations

CRKN works on behalf of its members to develop partnerships and joint ventures to meet its objective of collaborating to advance digital scholarship.

Through collaboration with librarians, researchers, administrators, funders, publishers, and other stakeholders in the research community, CRKN connects associations, organizations, and individuals working together to advance research in Canada.

CRKN members represent 75 academic libraries across Canada and include world-class research institutions as well as innovative teaching-focused institutions. CRKN invites like-minded organizations to collaborate on projects that focus on building knowledge infrastructure and research and teaching capacity in Canada's universities. We are pleased to highlight the projects and collaborations that we focused on in 2017-2018.

## **Journal Usage Project**

Launched in the summer of 2016, the Journal Usage Project (JUP), aimed to provide insight into institutional journal usage, citations, and faculty perceptions of journal value at the institutional and national level. This project was an extension of research initially conducted by Dr. Vincent Larivière at the Université de Montréal, along with three other universities in Quebec, which examined the impact on libraries of the consolidation of journal publishing and the development of what is known in the library and publishing industry as the "big deal". The extension of the research to 28 member institutions offered individual institutions an innovative methodology and valuable data to inform collection strategies. On a national scale, the JUP was used to analyze data across CRKN member universities, to inform CRKN's license renewal strategy. Final institutional results were shared with participating members in February 2018, and an overview of CRKN-wide results and analysis was shared with all CRKN members shortly afterward. CRKN will continue to use this data to inform licensing negotiations.

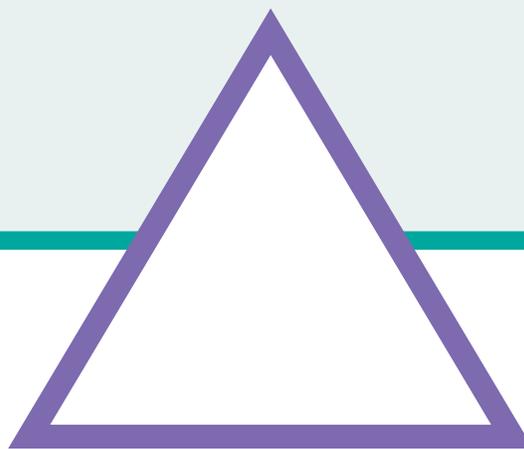
## ORCID-CA

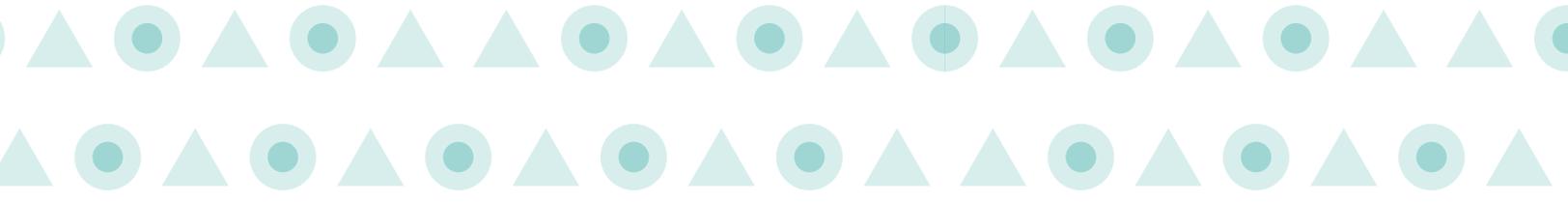
Formed in the spring of 2017, the ORCID Canada consortium (ORCID-CA) provides Canadian institutions and organizations with both premium access to the ORCID registry at a reduced cost and to community support services. CRKN acts as the administrative lead organization for ORCID-CA and hosts the ORCID-CA Member Support Specialist at our offices.

Over the course of 2017-2018, ORCID-CA took significant steps to increase awareness and build momentum around ORCID in Canada. As a first step, a review of the current needs and progress with regards to ORCID use and implementation in Canada was completed. To support awareness and exposure of ORCID in Canada, resources were created and shared to encourage collaboration and discussion between ORCID-CA members and to offer examples of integration best practices for other members to follow. The governance structure of ORCID-CA was also developed through the creation of the ORCID-CA Governing Committee.

During the fiscal year, the ORCID-CA Consortium grew to 31 members with more than 86,000 ORCID iDs associated with CRKN members. ORCID-CA hosted three webinars, in partnership with Research Data Canada and CANARIE, with more than 150 participants. In addition, the ORCID-CA member support specialist received and answered more than 400 questions. Significant updates were also made to the ORCID-CA website, including providing more French content, creating a repository of project planning resources, and moving the governance structure to the foreground by displaying meeting minutes and membership of the Governing committee.

CRKN will continue to support and encourage the adoption of ORCID among Canadian institutions through the ORCID-CA consortium and encourage its members to build integrations between their systems and ORCID.





## Coalition Publi.ca

Coalition Publi.ca is a strategic initiative, created by Érudit and the Public Knowledge Project, which is dedicated to the advancement of research dissemination and digital publishing in the social sciences and humanities in Canada and abroad. In early 2018, CRKN and Érudit signed a five-year agreement to financially support journals that are part of Coalition Publi.ca. CRKN member participation includes 53 full participants and five supporting participants. The partnership involves over 125 journals, 40 of which are currently open access. This agreement builds on the success of earlier iterations of the CRKN-Érudit partnership including changing the relationship from a commercial subscription to a collaboration partner, and working together on shared sustainability and open access goals. The partnership, and now the support for Coalition Publi.ca, creates a framework for a new relationship between journals and libraries, and helps to provide financial support to Canadian journals during the transition to a fully open access model.

## SCOAP<sup>3</sup>

The SCOAP<sup>3</sup> (Sponsoring Consortium for Open Access Publishing in Particle Physics) initiative converts key journals in the field of High Energy Physics to open access through the redirection of library subscriptions fees. CRKN acts as the national contact point for the administration of SCOAP<sup>3</sup> in Canada, and its Executive Director also serves on the Executive Committee for the project.

The SCOAP<sup>3</sup> open access project marked a significant milestone in 2017-2018. As of January 1, 2018, three journals from the American Physical Society (*Physical Review C*, *Physical Review D*, and *Physical Review Letters*) have joined SCOAP<sup>3</sup>. This signals the effective conversion to open access of roughly 90% of all high-energy physics articles without cost to authors.

Looking forward to Phase III of the project, which begins on January 1, 2020, we can expect the SCOAP<sup>3</sup> Governing Council to negotiate with publishers the renewal of existing journals within SCOAP<sup>3</sup>, but also to potentially expand the project to cover much of the remaining 10% of high-energy physics articles not currently covered.

## COUNTER

CRKN continues to play an active role as a member of COUNTER, the international electronic resource usage statistics standards body. CRKN members participated in the development of the Release 5 of the COUNTER Code of Practice. Additionally, CRKN volunteered to translate *The Friendly Guide to Release 5 for Librarians* into French in order to support our francophone members and the broader francophone community. Release 5 is anticipated to come into effect in January 2019.

## Canadian National Digital Heritage Index

Launched in March 2016, the Canadian National Digital Heritage Index (CNDHI) is an index of digital heritage resources from across Canada. It includes digital collections held by universities, provincial archives and libraries, museums, and local historical societies. Throughout the last year, the CRKN team sought to expand the number of collections in CNDHI through an outreach strategy.

In 2017-2018, the index grew by close to 200 collections to nearly 1,400, with 145 collections related to Indigenous peoples in Canada and at least 61 collections related to French Canadians. Usage hit an all-time high at 837 page views in January, a 129% increase from August of 2017. In addition, as of March 2018, approximately 98% of the records in CNDHI are bilingual, a major improvement on the approximate 8% in October 2017.

CRKN continues to increase awareness of the digital heritage resources available in Canada, and to help researchers find and make use of these collections. As there is currently no other index like CNDHI, we are proud of its continued growth and contribution to the goals of Canada's National Heritage Digitization Strategy (NHDS). We also view CNDHI as a way to support our members' digitization efforts as it provides additional exposure for these digital collections.

## Consortia Collaborating on a Platform for Library Usage Statistics

Since 2016, CRKN has served on the Advisory Board of the Consortia Collaborating on a Platform for Library Usage Statistics (CC-PLUS) project. CC-PLUS was initiated by the International Coalition of Library Consortia (ICOLC) with the objective of developing an open technology, prototype, usage data platform for library consortia and their member libraries. This platform will be used for the collection, display and analysis of consortial library usage data. The project received a grant from the Institute of Museum and Library Services in 2017 to develop a proof of concept usage statistics tool. In addition to serving on the advisory board, two CRKN members: Memorial University of Newfoundland and University of Ottawa, tested and provided feedback on the proof of concept. The code has been released on Github and CRKN is playing an active role in determining the next phase of the project.

## CRKN and Canadiana.org Merger

On April 1, 2018, CRKN and Canadiana.org merged as a combined organization. This merger comes after over two years of discussions and planning with CRKN members, Canadiana.org members, and the gallery, library, archive and museum (GLAM) community. As a merged organization, CRKN will continue its core licensing activities for scholarly journal content, while expanding support for the digitization, access and preservation of Canadian heritage content through the services of Canadiana.

Discussions regarding a possible merger began with a vision for a stronger support of research content. CRKN members have been the majority funders of Canadiana for more than a decade, ensuring that heritage content was available in digital format to serve the research community. CRKN and Canadiana were both created by the research library communities in Canada, and prior to the merger, shared complementary mandates and similar memberships. After years of partnership and collaboration, the Boards of Directors of both organizations committed, in June 2016, to a joint exploration of a merged organization as a next step. A merger presented the opportunity of a combined organization that could adapt to changing circumstances in the Canadian heritage, scholarly communication, and research environments. And while a merger presented a number of challenges, it also presented exciting possibilities, as investments and systems in digitization and preservation could become unlocked and readily available for CRKN members.

A business proposal outlining a vision and organizational plan for a combined organization was developed by a working group made up of stakeholders from both organizations through consultation with the extended community. The business proposal was shared with CRKN members in early October 2017 in preparation for a discussion on the merits of the proposal at the upcoming AGM. At the AGM, CRKN members voted overwhelmingly in favour of approving, in principle, the merger which was followed by a formal approach by the CRKN Board of Directors to the Canadiana.org Board of Directors to discuss terms. On November 9<sup>th</sup>, 2017, the CRKN Board of Directors made a formal offer to the Canadiana.org Board of Directors. The Canadiana.org membership met January 12<sup>th</sup>, 2018 and accepted the offer at a special meeting of their full membership.

This merger allows CRKN and Canadiana to cohesively pursue a united and coordinated strategy that is envisioned and directed by member libraries, and works in partnership with research and memory institutions, funders, and other partners, broadening and expanding Canada's vision and impact in digital scholarship.



## The merged CRKN and Canadiana team

**Front row, from left to right:** Gloria Booth-Morrison, Russell McOrmond, Lucie Sauvé, Sascha Adler, Mariette Philippe, Monica Ward, John Loitzenbauer

**Back row, from left to right:** Ken Blonski, Jason Friedman, Lindsay Bilodeau, Nazia Bundhoo, Patty Brisson, Clare Appavoo, Rebecca Ross, Beth Stover, Craig Olsvik



"This a milestone in our respective organizations' histories and a significant step in Canada as we move forward together to leverage the opportunities of the emergent global, networked research environment. This merger will expand and accelerate Canadiana services and programs that ensure the long-term viability of digitized documentary heritage for all Canadians for generations to come."

Jonathan Bengtson,  
President, Canadiana.org

# Tools and Services

CRKN provides a number of tools and services that assist members in meeting their institutional goals and in making collection decisions. They are developed based on member needs and respond to our rapidly changing environment. We invite you to explore our [website](#) to learn more about the tools and services available to members.

## Journal Value Analytics

CRKN annually collects usage data on the largest license packages that are up for renewal, to assist members in measuring the value of the packages to their institutions. In 2017, CRKN distributed its annual Journal Value Analytics (JVA) report to members in June. The report contained an analysis of four licenses: Elsevier, SAGE, Springer, and Wiley. A member focus group, developed to determine improvements to the JVA, was conducted in January 2018. Improvements in the JVA will include: analysis of the year of publication, open access usage, and improved subject data. The CRKN team

has been working on the 2018 JVA, which will provide analysis of journal licenses being renewed for 2019: American Chemical Society, Cambridge University Press, Institute of Physics, Oxford University Press, and Springer.

"The JVA provides a digestible, overall snapshot of how some of our most valuable resources are performing, while also including data that libraries can use as an entry point for further analyses. Best of all, the report is built by CRKN staff, who take the time to customize and continually improve the report based on member feedback."

Samuel Cassady  
Head, Collections & Content Strategies,  
Western Libraries

## Foreign Exchange Service

The bulk of CRKN-licensed content is negotiated and settled in U.S. dollars (USD) but billed to members in Canadian currency (CAD). With the goal of minimizing foreign exchange risk, the Foreign Exchange (FX) Service provides greater control and predictability for budgets by providing members the option to manage their individual foreign exchange exposure by allowing them to lock in their foreign exchange needs, or to place bids for a better exchange rate, on some of CRKN's largest licenses. In 2017-2018, fluctuations in exchange rates have translated directly into increased member costs, with member license expenditures of over \$125M. The FX Service is offered for a small administrative fee and is completely opt-in.

In 2017-2018, CRKN offered the optional FX Service for payment of SpringerLink, Clarivate Analytics (Thomson Reuters) Web of Science/ Web of Knowledge and ACS Web and Legacy Archives products. CRKN also offered USD-invoicing options for the first year of the license renewal (2018) for Elsevier ScienceDirect, Wiley-Blackwell, and Sage license agreements as those products were renewed.

Nine members placed bids in CAD, and a further eight asked to be invoiced in USD, for over \$4.5M USD, or over 30% of the total amounts billed for the three participating licenses. During the year, CRKN staff significantly automated its internal processes for invoicing members in USD.

Given the ongoing success of the service, the Finance & Audit Committee recommended an extension of the FX Service for 2018-2019, including additional work to allow USD invoicing, for the 2019 Elsevier Science Direct, Taylor & Francis, and Wiley-Blackwell licenses. A USD invoicing option will also be introduced as part of the 2019 SpringerLink Renewal. In March 2018, Finance & Audit Committee member France Paul joined CRKN staff to host a series of teleconferences to introduce the FX Service provided by CRKN to the members. Copies of those recordings, along with an updated whitepaper describing CRKN's FX Service, are available on the members-only portion of the CRKN [website](#).

## Institutional Mobilization Toolkit

The objective of the Institutional Mobilization (IM) Toolkit is to offer a collection of materials for CRKN members to utilize in communications with their internal stakeholders with the goal of raising awareness regarding sustainability challenges for libraries in the current scholarly communications system. The IM Toolkit helps librarians communicate with researchers, faculty members, and administrators about how their publishing choices, and promotion and tenure decisions, impact the larger academic enterprise. The IM Toolkit, available on the CRKN [website](#), was updated in November 2017 to include a CC-BY license, improved French tools, updated graphics, and other new content.

# Content Strategy Committee

The Content Strategy Committee (CSC) is established by the Board of Directors as a standing committee of the Board. The CSC is responsible for:

- Developing and overseeing systematic means of needs analysis with members, to ensure meaningful consultation with regard to members' priorities, requirements and specifications for the identification, negotiation, implementation and perpetual access of electronic resources;
- Maintaining an awareness of developments in the scholarly publishing landscape and potential opportunities to advance members' interests;
- Developing objectives, principles, strategies, and specifications for vendor and open access negotiations and license agreements, for recommendation to the Board as appropriate;
- Monitoring the execution of agreed-upon negotiations strategies by staff, and assisting/ serving as a resource to the staff negotiator(s) according to the objectives established by the Board of Directors;
- Evaluating the results of negotiations, and apprising the Board of progress, developments, issues and resulting contract terms achieved through negotiations;
- Advising and assisting staff with effective implementation of resulting license agreements and access (including, for example, serials management and perpetual access details);
- Contributing strategic insights and operations expertise from members' professional practice to support overall CRKN planning, program implementation and communications;
- Working closely with other Committees to ensure alignment of committee objectives with respect to license fees and cost-sharing;
- Apprising the Board and staff of any policy and/or operational issues arising from the committee's work that may require delegation to another group or action elsewhere within the organization;
- Assuming such other responsibilities as from time to time may be delegated by the Board.



**Front row, from left to right:** Jason Friedman, Jennifer Richard, Monica Ward, Todd Mundle, Clare Appavoo, Sandy Stiff  
**Back row, from left to right:** Arnald Desrochers, Weijing Yuan, Tanja Harrison, Harriet Rykse, Denise Koufogiannakis, Pamela Jacobs, Chantal St-Louis, Craig Olsvik

## Members

**Todd Mundle**  
 Chair  
 University Librarian  
 Kwantlen Polytechnic University

**Gabrielle Prefontaine**  
 Vice Chair  
 Dean of the Library  
 University of Winnipeg

**Council of Atlantic University Libraries (CAUL) designates:**

**Tanja Harrison**  
 University Librarian  
 Mount Saint Vincent University

**Jennifer Richard**  
 Academic Librarian  
 Acadia University

**Ontario Council of University Libraries (OCUL) designates:**

**Harriet Rykse**  
 Associate Chief Librarian  
 Western University

**Pamela Jacobs**  
 Manager of Electronic Resources  
 University of Guelph

**Bureau de coopération interuniversitaire (BCI) designates:**

**Arnald Desrochers**  
 Chargé de projet  
 Bureau de coopération interuniversitaire (from March 2018)

**Stéphanie Gagnon**  
 Directrice des collections  
 Université de Montréal (ended March 2018)

**Louis Houle**  
 Director, Collection Development and Interlibrary Loan & Document Delivery Service  
 McGill University (ended December 2017)

**Chantal St-Louis**  
 Direction des services-conseils et des collections  
 Université Laval (from January 2018)

**Council of Prairie and Pacific University Libraries (COPPUL) designates:**

**Denise Koufogiannakis**  
 Associate University Librarian  
 University of Alberta

**Lisa Petrachenko**  
 Associate University Librarian, Learning & Research Resources  
 University of Victoria (ended December 2017)

**Sandy Stiff**  
 Associate Dean  
 MacEwan University (from January 2018)

**Band 13 Balance:**

**Weijing Yuan**  
 Head, Licensing and eResource Acquisitions  
 University of Toronto (from September 2017)

# CRKN NEGOTIATION PROCESS



# Content Strategy Committee Report

In 2017-2018, CRKN renewed 16 licenses. In addition to its licensing activities, CRKN extended two open access partnerships with the addition of the American Physical Society journals to SCOAP<sup>3</sup> Phase II, and the extension of the Érudit Partnership to support Coalition Publi.ca described in more detail in the Projects and Collaborations section of this report.

## Licenses Renewed in 2017-2018:

- Elsevier Science Direct
- Sage Premier
- Wiley-Blackwell Database
- Canadiana – Early Canadiana Online/ Canadiana Online
- JSTOR Collections
- Canadian Science Publishing
- Economist Intelligence Unit
- Artstor – Digital Library
- Artstor – JSTOR Forum
- ProQuest – Globe & Mail
- Gale Eighteen Century Collections Online and Times Digital Archive
- IntelLex Past Masters
- Alexander Street Press Classical Scores and Theatre in Video
- IOP Ebook package offer (Release 4)
- Extension of Cairn agreement for one year
- Extension of Periodicals Archive Online (PAO) agreement for one year

## Renewal of “Big Deal” Journal Licenses

In 2017-2018, CRKN renewed three major journal packages: Elsevier ScienceDirect, Wiley-Blackwell Online Library (Database), and SAGE Premier All-Access. Several significant achievements were realized during the renewal negotiations for these licenses, including the lowest annual increases ever negotiated for all three licenses, migration from the older CRKN license to the newly updated model license (including improved terms for non-disclosure, opt-out, and reference to the Copyright Act of Canada), and in two of three cases, options for reducing fees by moving to smaller collections or individual title selection.

## Exploring "Big Deal" Alternatives

As members continue to face financial constraints due to journal price increases, the decline in the value of the Canadian dollar, and library budget pressures, CRKN continued to explore alternative options within its "big deal" licenses that renewed in 2017-2018. Alternative subscription options were negotiated for two journal packages in 2017-2018:

### **Wiley-Blackwell Online Library (Database):**

Members were permitted to cancel participation in the full database, reduce their overall spend, and subscribe to individual journals at a discounted list price.

**SAGE Premier:** Members were permitted to cancel participation in Premier All-Access, reduce their overall spend, and instead subscribe to a fixed Premier list, humanities and social sciences or science, technology, and math packages, or smaller discipline-specific subject packages.

## Opt-out Clauses

The CSC continues to prioritize the negotiation of opt-out clauses within CRKN's licenses in order to provide members with the flexibility to exit agreements in times of fiscal difficulty on an annual basis within multi-year agreements.

## Serials Management Sub-Committee

In 2017-2018, three long-serving members of the Serials Management Sub-Committee (SMSC), Janice Adlington (McMaster University), Lino Tremblay (Université du Québec à Chicoutimi), and Sandra Wong (Chair, Simon Fraser University), completed their terms.

From a tremendously strong pool of candidates, the CSC was pleased to appoint a new Chair and three new committee members.

### **The committee includes:**

#### **Patricia Pang**

Chair  
Electronic Resources Assistant  
University of Victoria

#### **Melissa Belvadi**

Collections Librarian  
University of Prince Edward Island

#### **Carolle Blais**

Collection Development Librarian  
Université du Québec à Montréal

#### **Courtney Bremer**

eResources Access Manager  
University of Waterloo

#### **Sue Fahey**

Head of Serials and Acquisitions  
Memorial University of Newfoundland

#### **Mandi Schwarz**

Library Assistant – Electronic Resources  
University of Northern British Columbia

#### **R. Scott Shannon**

eResources Administrator  
University of New Brunswick

#### **Wei Zhao**

Senior Metadata Librarian  
OCUL/Scholars Portal

This year, the SMSC has worked to improve their efficiency by using an automatic link checker and have begun to develop new Canadian open access title lists, in consultation with the CSC, based upon data supplied by CUFTS.

## Trusted Digital Repository Task Group

In 2017 the Trusted Digital Repository Task Group (TDRTG) was formed with the following members:

### Leslie Weir

Chair  
University Librarian  
University of Ottawa

### Corey Davis

Digital Preservation Coordinator  
Council of Prairie and Pacific University Libraries

### Kate Davis

Assistant Director  
Scholars Portal

### Émilie Fortin

Chef de la section de la production numérique,  
préservation et conservation des collections  
Université Laval

### Scott Gillies

Associate University Librarian  
Wilfrid Laurier University

### Geoff Harder

Associate University Librarian  
University of Alberta

### Kristen Kruse

Coordinator, Collections Management  
University of Manitoba

### Glen Morales

Business Manager  
University of Toronto Libraries

### Caitlin Tillman

Associate Chief Librarian for Collections and  
Materials Management  
University of Toronto

## Additional support was provided by:

### John Barnett

Executive Director, OCUL

### Jesse Carliner

Communications Librarian  
University of Toronto

### Alan Darnell

Director, Scholars Portal

### Anika Ervin-Ward,

Administration and Communications  
Coordinator, OCUL

### Grant Hurley

Digital Preservation Librarian  
Scholars Portal

The TDRTG was formed with a mandate to develop a framework, including a service model, governance model, and cost-sharing model, for establishing a national Trusted Digital Repository (TDR) for CRKN members to ensure long-term access to CRKN-licensed resources and to provide a publisher-independent mechanism for exercising post-cancellation rights.

The TDRTG conducted its work over the course of 2017-2018 with a strong emphasis on engagement with its stakeholders: CRKN members, regional consortia, UTL, and Scholars Portal. Several feedback mechanisms were employed, including a session at the CRKN Annual General Meeting in Montreal, member webinars, and presentations (either in-person or via teleconference) for all four regional consortia.

The TDR service as proposed would build on the foundation established by the Scholars Portal TDR, which serves the libraries of the Ontario Council of University Libraries (OCUL), under a service agreement with University of Toronto Libraries (UTL). The TDRTG intends to deliver a final report to the Board in June 2018.

### **License Transition Task Group (LTTG)**

In January 2017, the CRKN Board of Directors approved the creation of the License Transition Task Group (LTTG), composed of the following members:

**Heather McMullen**

Chair  
Associate University Librarian  
Queen's University

**Alison Ambi**

Interim Head, Collections  
Memorial University of Newfoundland

**Samuel Cassady**

Head, Collections & Content Strategies  
Western University

**Patty Gallilee**

AUL Collections and Scholarly Communication  
Simon Fraser University

**Wendy Merkley**

Associate University Librarian  
University of Lethbridge

**Chantal St-Louis**

Directrice des services-conseils et des collections  
Université Laval

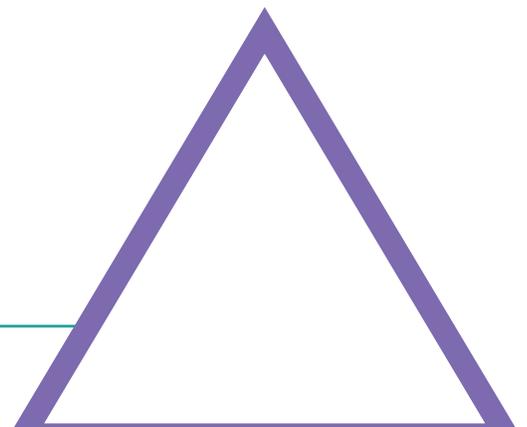
**Robert Tiessen**

Content Development Librarian  
University of Calgary

The LTTG was tasked with recommending how best CRKN could assist in supporting members who choose to exit "big deal" agreements, and to propose alternative options for the CSC's consideration in negotiations with vendors. The LTTG undertook this work through an extensive series of meetings, informed by a broad literature review and through consultations with CRKN members.

The LTTG met 16 times from April 2017 through January 2018, including one in-person meeting in Ottawa in June 2017. The LTTG presented its work at the 2017 AGM, and members engaged in an active discussion concerning issues related to the "big deal". Based on that session, as well as their previous work, the LTTG submitted their report to the CSC in January 2018. The report included a series of recommendations and transitional steps towards new models of achieving CRKN's mission, recognizing that there is no one-size fits all approach.

The report was accepted and distributed to members for feedback in February 2018. Based on that feedback, the CSC approved an action plan to implement the report's recommendations. Both the Board and CSC continue to closely monitor progress on these recommendations, particularly in the context of 2018 license renewals.



# Finance and Audit Committee

The CRKN Finance and Audit Committee (FC) is established by the Board of Directors as a Standing Committee of the Board, pursuant to section 12 of the Corporations' By-Laws. The FC is responsible for:

- Advising the Board on all financial matters affecting CRKN;
- Recommending auditors for appointment;
- Reviewing scope of the audit and approving the audit fees involved;
- Receiving and reviewing the audited financial statements of CRKN as to reasonableness of presentation, appropriateness of accounting principles and adequacy of disclosure prior to their submission to the Board;
- Receiving and reviewing the written annual report of the auditor;
- Recommending the annual budget to the Board, including recommending the annual membership fees;
- Determining whether revised budgets are necessary and recommend accordingly to the Board;
- Advising the Board on specific matters relating to financial exigencies;
- Reviewing on behalf of the Board all contracts, agreements or other instruments involving the financial affairs of CRKN and which are to be presented to the Board and to make recommendations to the Board regarding appropriate action;
- Ensuring that CRKN has an effective process in place that provides appropriate alignment of financial resources with strategic directions;
- Promoting transparency and accountability in all financial and planning activities of CRKN; and,
- Assuming such other responsibilities as from time to time may be delegated by the Board.

The FC takes a consultative approach to its work, engaging members as appropriate, and provides regular feedback to members.



**From left to right:** Andrew Coward, Daniel Godon, Trudy Pound-Curtis, Clare Appavoo, Bernard Bizimana, France Paul, Bill Kuurstra, Ken Blonski

## Members

The FC is composed of two members from the CRKN Board of Directors and three individuals from CRKN member institutions who bring additional financial knowledge and expertise.

### **Christopher Callbeck**

Chair & Treasurer  
(term ended October 2017)

Vice President, Finance & Administration and  
Chief Financial Officer  
Acadia University

### **Ian Nason**

Chair & Treasurer  
(from October 2017)

Vice-President, Finance & Administration  
Dalhousie University

### **Bernard Bizimana**

Directeur des services techniques et informatisés  
Bibliothèque Myriam et J.-Robert Ouimet, HEC Montréal

### **Andrew Coward**

Treasurer  
(from January 2018)  
University of Victoria

### **Daniel Godon**

Directeur de la bibliothèque  
Université du Québec en Outaouais

### **France Paul**

Directrice des services techniques,  
Service des bibliothèques et archives  
Université de Sherbrooke

### **Trudy Pound-Curtis**

Assistant VP Finance and CFO  
York University (term ended January 2018)

# Finance and Audit Committee Report

## **Completion of FY2016-2017 Audit and FY2017-2018 Audit Planning**

In June 2017, the FC reviewed the audited financial statements for the year ending March 31, 2017, received and discussed the auditor's report (including an in-camera discussion with the auditor), and recommended approval by the Board of Directors.

At its meeting on March 14, 2018, the FC met with auditors from Deloitte to approve the audit scope, process, formal reporting responsibilities, planned audit approach, and the audit team for the year ended March 31, 2018. The FY2017-2018 audit was completed in June 2018. CRKN's audited statements will be presented to members at the CRKN AGM in Vancouver in October 2018.

## **FY2017-2018 and FY2018-2019 Budget Process**

The FC is responsible for recommending the broad principles to guide the annual budget preparation, reviewing the draft budget prepared by management and recommending the annual budget for approval by the Board of Directors. On March 14, 2018, the FC met to review and recommend the draft budget for FY2018-2019 for approval by the Board of Directors. As part of the discussion, the FC reviewed the impact on membership fees.

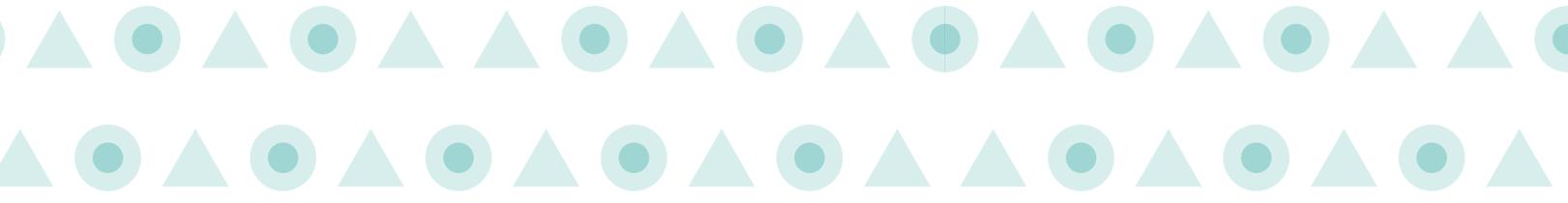
CRKN's budget for the fiscal year 2018-2019 is comprised of five components:

- 1.** Budget narrative:
- 2.** 2018-2019 summary and segmented budget,
- 3.** 2018-2019 Variance Analysis
- 4.** Multi-Year Projections
- 5.** Background: Budget Development Principles and Process

The Board of Directors approved the budget for the fiscal year 2018-2019, including a budgeted surplus of \$111,605, on March 21, 2018. (Note that the CRKN-Canadiana Business Proposal had anticipated a budget deficit in the first year of combined operation).

## **Membership Fee Discussions**

For the past four years, the goals of the FC have included reviewing and updating CRKN's membership fee calculation, based on the work of the Banding Task Group. The FC approved principles in 2015 to govern a transition to a 13 band membership fee allocation, including the need to consider smoothing the transition over multiple years, and to communicate the anticipated changes in advance to the membership.



In 2017-2018, CRKN undertook annual communications to members related to membership fees, advising members of the anticipated impact of a move to the new membership fee structure.

CRKN provided details of the anticipated membership fees to CRKN members in March 2018 based on a 2.5% overall membership fee increase and the second and final year of the transition to the new bands. The FC subsequently recommended, and the Board approved, a reduction in the membership fee increase to 2%. Following discussions at the FC in May 2018, and based on a review of both the updated bands and the revised membership fee calculation, CRKN's membership fee invoices for 2018-2019 were sent to members in June 2018.

### **Canadiana Merger Discussions**

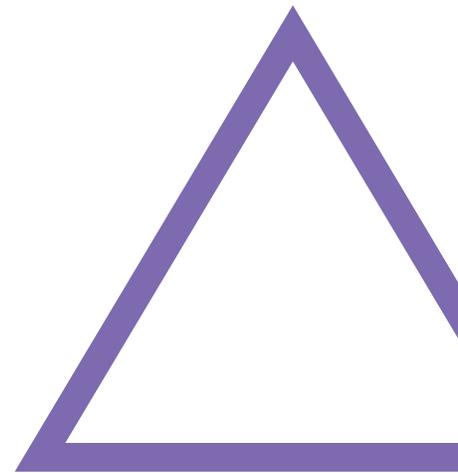
The FC reviewed the draft CRKN-Canadiana Business Proposal in September 2017 that had been developed following the May 15<sup>th</sup> 2017 meeting of the members, paying particular attention to the budget assumptions, proposed fees, and attendant risks of a combined organization.

The FC also reviewed the draft business proposal following the member focus groups in September 2017 before it was finalized for presentation to the membership at the AGM in October 2017. The FC provided CRKN with a short list of issues that were addressed and considered as part of the combination.

### **Policy and Governance Updates**

The FC reviews, and where necessary updates, CRKN's financial policies on a rotating triennial basis. During 2017-2018, the FC reviewed the following policies:

- Capitalization Policy
- Net Assets Policy
- Travel Expense Policy



## Risk Management

The FC continues to evaluate and extend CRKN's risk management framework, including the annual risk management report. Over the past year, the report was updated to include a list of the top six key risks currently facing the organization. This list was presented to the Board of Directors for review and consideration and risk mitigation is kept front of mind in planning and strategy development.

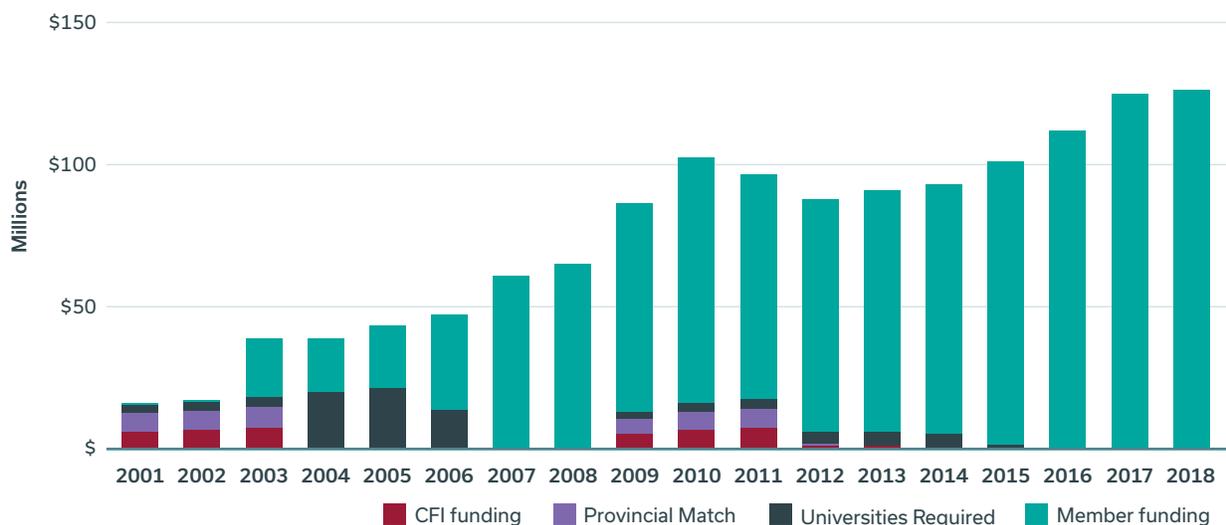
## Funding Partner - A CFI Success Story

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 \$20 million in support of the Canadian National Site Licensing Project, with a further \$30 million matched by provincial governments and member institutions. In 2009 CFI invested again in the DCI Project (\$19.1 million) with provincial and member institution matching (\$29 million).

Today, CRKN members continue to invest in high value content, creating additional value through advantageous licensing term and collaborative interdisciplinary research.

## CFI seed money leverages sustained investment



# Management Discussion and Analysis

Year Ended March 31, 2018

The Management Discussion and Analysis is intended to accompany and complement CRKN's audited financial statements for the year ended March 31, 2018. Both the Finance and Audit Committee (FC) and the Board of Directors review the audited financial statements and notes, the associated summary financial statements, and this document prior to their approval by the Board for broader distribution.

The financial statements of CRKN are the responsibility of management. They have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and audited by Deloitte & Touche, LLP. No areas of concern or improvement were identified in either a management letter or in the auditor's year-end communication to the FC. CRKN completed its fourteenth year of independent operations as an incorporated Canadian not-for-profit on March 31, 2018.

The vast majority of CRKN's revenue and corresponding expenses continue to consist of national licensing agreements with publishers for digital research content on behalf of CRKN members. CRKN is administered with the continued goal of the efficient provision of these license agreements with the full weight, leverage, and purchasing power of the organization for the benefit of all CRKN members.

## Executive Summary

CRKN continues to fund operations internally without drawing on any credit facility by prudently monitoring cash flows while subsidizing its operating activities with interest and other revenue where appropriate. The multi-year financial objectives continue to reduce reliance on investment income, control costs and draw down accumulated surplus as needed, while the organization balances the proper size and scope of activities with the appropriate revenue sources to fund its ongoing operations.

CRKN continues its commitment to making digital content available to the academic research enterprise in Canada on a cost-effective, stable, and predictable basis. At the same time, the organization has also focused on the mandate to collaborate with stakeholders to advance digital scholarship in Canada. In particular, CRKN purchased the assets and hired the staff of Canadiana.org at the end of the fiscal year with the intent to assume Canadiana's operations as a program of CRKN.

Although CRKN had budgeted for a planned deficit of nearly \$25,000 during the 2017-2018 fiscal year, the organization realized enough one-time cost savings, investment income, and other revenues to achieve a surplus, the fourth in as many years. In addition, the structure of the Canadiana combination, and the nature of the liabilities assumed during the closing, gave rise to a one-time accounting gain on the transaction.

Major developments this year included the addition of a Member Support Specialist for ORCID-CA, the completion of the Journal Usage Project, relocation of the CRKN offices (within the existing complex and at the landlord's expense), development of a Business Proposal for the assumption of the activities and staff of Canadiana.org, and approval of the proposed combination during the Annual General Meeting in October 2017.

## Statement of Financial Position

**Cash and receivables balances:** Publisher invoicing delays, extending beyond the anticipated January 1 renewal for several licenses, once again created a large cash and receivables balance at March 31, 2018. All receivable amounts were current at year-end, and CRKN continues to maintain adequate financial resources to meet its operational requirements.

**Amounts due from Canadiana.org:** At the end of the year and under the terms of the asset purchase agreement, CRKN was owed approximately \$125,000 from Canadiana.org. These amounts represent the remaining cash and outstanding receivables in that organization at March 31<sup>st</sup>.

**Prepaid licenses and deferred revenue for license fees:** CRKN realizes its license expenses and corresponding license revenue on a monthly basis as license access is provided, and accordingly, CRKN typically has significant, offsetting prepaid license and deferred revenue amounts. These unrealized license balances are slightly less than the record levels set a year ago, largely due to the effects of changing USD/CAD exchange rates.

**Capital assets:** CRKN capitalized over \$28,000 in leasehold improvements paid by its landlord and coincident with its move to the fourth floor at Holland Cross. CRKN has added new asset categories for digitization equipment and scanners and switches to support the purchase of Canadiana's capital assets. As part of the transaction, CRKN acquired assets with a market value of \$339,000.

**Accounts payable and accrued liabilities:** CRKN's payables balance is driven by variations in the license cycle from year to year.

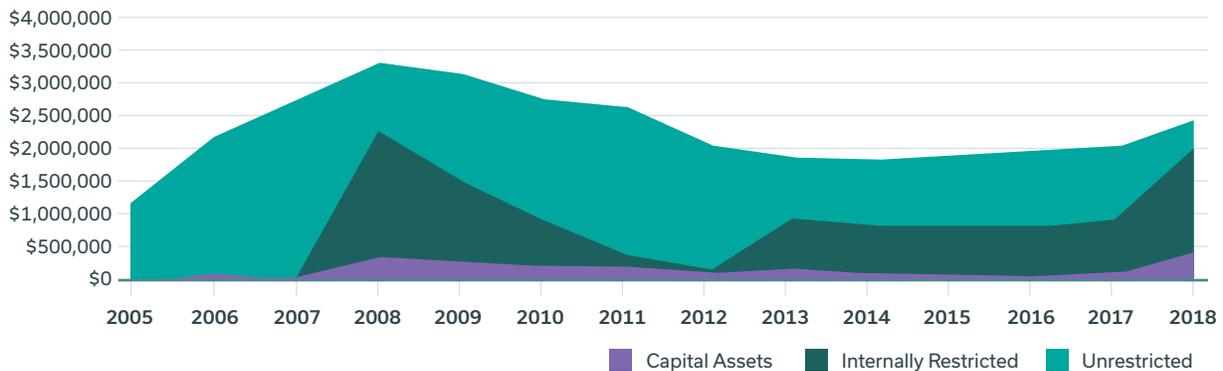
**Government remittances payable/receivable:** The periodic nature of CRKN's licensing operation often results in very significant commodity tax payable or recoverable balances. In general, CRKN recovers all of the GST, HST and QST expended in its operation.

**Deferred revenue:** As in past years, CRKN has matched deferred revenue for licensing activities against prepaid license expenditures. As part of the combination with Canadiana.org, CRKN has also acquired and described deferred amounts paid to CRKN, by members, under the Canadiana ECO license and deferred revenue amounts (that is, revenue that will be earned by CRKN from Canadiana activities post-combination) in a new deferred revenue account. A new Heritage Content Access and Preservation Fund will facilitate the transition of ECO license fees and the Canadiana membership fees paid by CRKN members to fund Canadiana operations as a program of CRKN.

**Unrestricted and restricted net assets:** As part of the budget approval process for FY2018-2019, and in accordance with its Net Assets Policy, CRKN has internally restricted \$1,585,923 (half of its approved FY2018-2019 operating budget) of its net assets.

CRKN sets aside a portion of its net assets against amounts invested in capital assets to account for anticipated future amortization. CRKN's balance of unrestricted net assets has been slowly increasing for the last four years until this year, when the effects of the Canadiana combination (and attendant growth in CRKN's operating budget) created a marked change in CRKN's balance of internally restricted assets. The FC will be reviewing the Net Assets Policy in the context of the Canadiana combination shortly.

### CRKN - Changes to Net Assets Composition



## Statement of Revenue and Expenses

**Net license contribution:** As CRKN bills members for 100% of its license costs, and because it matches the realization of licensing revenues and expenditures monthly based on the relevant license period, the net licensing contribution is ordinarily zero.

CRKN experienced another year of record revenues (resulting from high license costs), as increases in participation and pricing for USD-denominated content overcame increases in the purchasing power of the Canadian dollar (CAD). As in past years, variations in net revenues are more the result of fluctuations in the strength of the Canadian dollar than changes in license participation.

- CRKN's total license revenue in CAD has increased for each of the past five years and this year is, again, a record for CRKN.
- Holding 2009-2010 financial exchange rates constant (i.e. in constant FY 2009-2010 Canadian dollars), FY2017-2018 proved to be CRKN's largest year in total licensing activity.
- Total USD-denominated license revenue increased by nearly \$4M, and was above \$92M for the first time ever.

- CRKN's USD license revenue (over 96% of total CRKN revenue) was realized at an average rate of 1.3125 (nearly 3% less than last year).
- CAD denominated content purchasing was up nearly 7% compared to last year, while content purchased in GDP was up over 2%, and content purchased in USD was up over 4%.

**Operations fees:** With the approval of the membership, CRKN began a two-year planned move to membership fees based on the 13 bands rather than the previous 8 tiers beginning in 2017-2018. During the budgeting process for FY2017-2018, the Board approved a membership fee increase of 2.5% total during the year and from \$1,276,561 to \$1,308,515. CRKN's membership held constant again at 75 members for the year.

The two-year transition to membership fees based on the 13 bands will end in 2018-2019, a move that has seen significant changes to fees charged to some individual members. The intent remains for all members to be charged fees commensurate with one of 13 discrete membership bands by 2018-2019.

### USD License Volume - Exchange Effect

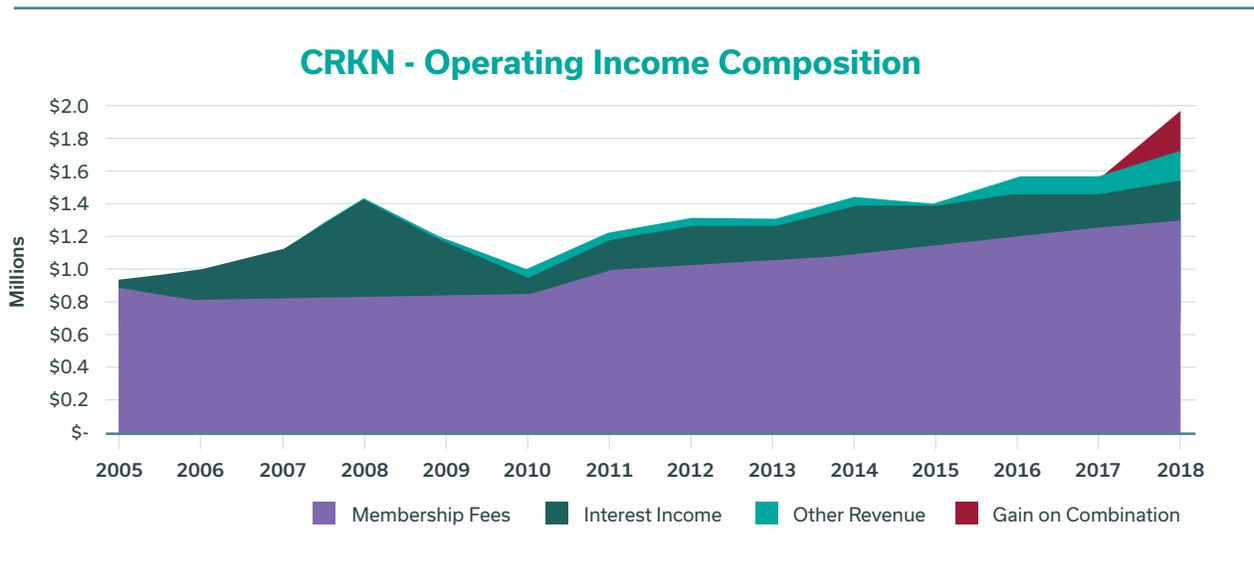


**Interest revenue:** Interest revenue was significantly better than budgeted with interest rates rising three times during the year and from 1.05% to 1.80%. Significantly, cash balances (including USD balances) in the fourth quarter also contributed to benefit CRKN's investment results. CRKN continues to budget investment income conservatively, and continues to maximize cash flow and corresponding investment returns within the limits set by the Board.

**Other revenue:** CRKN continued to raise additional revenue and recover costs where possible including continuing foreign exchange services, recovering some costs for the annual general meeting held in Montreal, qualifying for a fourth YCW grant to fund the Digital Services Intern position, and wage cost recoveries for the ORCID-CA Member Support Specialist. CRKN remains committed to pursuing other revenue options which are tied to its core mandate.

**Gain on Canadiana combination:** CRKN was able to realize a significant gain for accounting purposes through the mechanics of the Canadiana.org combination, offset by the potential severance liability assumed in bringing seven staff into CRKN from Canadiana, which is not shown on the statements. CRKN staff have adjusted the financial model to conform to the combination business proposal endorsed by the membership.

**Salary and benefit expenses:** CRKN's payroll expenses were about 7% worse than budgeted, largely on account of unbudgeted costs for the ORCID-CA member support position (which is offset by unbudgeted additional revenues).



Management continues to maximize cash flow and corresponding investment returns within the limits set by the Board.

### Contractor and professional fees:

Professional fees were less than budgeted, including savings from translation, communications, and human resources contractors that more than offset overages in legal and auditing fees necessitated by the combination.

**Governance and meeting costs:** Total meeting and governance costs were less than budgeted, largely due to fewer than budgeted meetings occurring.

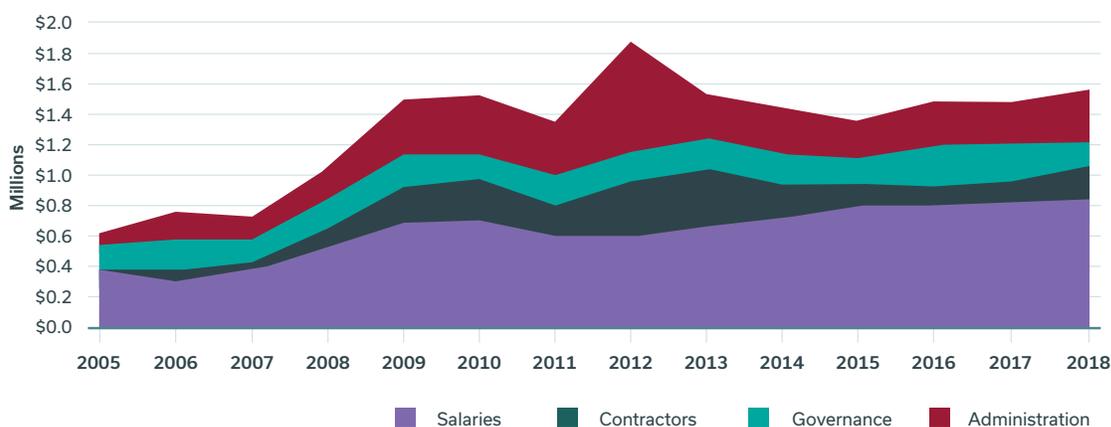
**Administration expenses:** Administrative expenses were generally ahead of budget, with savings in particular on advertising and graphic design. CRKN spent significantly more than budgeted on office travel and incurred some additional one-time equipment maintenance costs at year end related to the Canadiana combination.

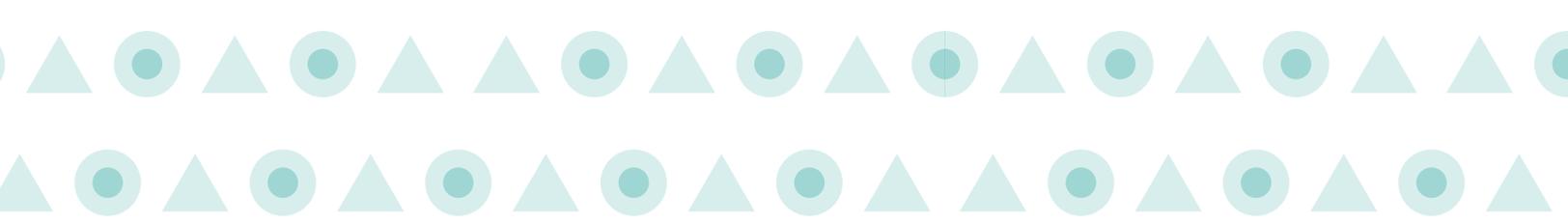
### Prospective Analysis

**Content acquisition and delivery:** Most members are considering rationalizing their content budgets, including their purchases through CRKN. CRKN has identified the potential for a drop-off in participation on individual licenses, and the potential cascading effect on CRKN membership, as a significant organizational risk.

The USD continued to exacerbate the effects of rising costs along with shrinking member budgets (although the USD was not as strong as its recent peak in January 2016). CRKN expects to continue the use of forward contracts and to offer additional foreign exchange services, including limited USD denominated invoicing in providing licensed content to members on a 100% cost-recovery basis.

### CRKN - Operating Expense Composition





**Operations:** Membership fees will increase by 2.0% overall in 2018-2019 as approved by the Board, increasing from \$1,308,515 to \$1,334,678. FY2018-2019 will also be the second year of a two-year transition to a new system for allocating membership fees across 13 bands. Integration of the new 13 Band membership fee system, including annual recalculation of the bands and associated membership fees will be completed in 2018-2019. Future membership fee increases, and changes to how membership fees are calculated and administered, will continue to be considered carefully by the Board during its budget deliberations, in consultation with members and in the context of the strategic plan and CRKN's multi-year financial model.

CRKN's administrative and governance expenses (facilities, staff and salary levels, audit fees, committee expenses, travel, etc.) have been reconsidered and extended as part of the Canadiana combination, with CRKN's operating budget very nearly doubling for 2018-2019. CRKN is operating under an extension of the 2013-2016 strategic plan. The Board will initiate a strategic planning process in 2018 with the intent to deliver a new strategic plan for the approval of members during the 2019 AGM. CRKN staff continue to identify and prioritize areas where the organization can best and most efficiently provide value to members.

**Multi-year perspective:** Six years ago, changes in financial presentation necessitated by the updated Net Assets Policy reduced CRKN's balance of unrestricted net assets to \$961,134—at that time, the lowest level in the organization's brief history. In FY2016-2017, this unrestricted balance increased to \$1,174,043 following a number of modest surpluses. For FY2017-2018, and despite another surplus combined with the one-time gains on combination, the application of the Net Assets Policy to CRKN's larger combined operating budget reduced the balance of unrestricted net assets to \$427,382. The FC will be reviewing the utility of this policy during 2018 to consider the implication of the Canadiana combination.

CRKN staff develop the budget in response to the needs of the members, in accordance with the strategic plan, and this year, based on member support for the Canadiana combination and that associated business plan. The key to CRKN's budget process continues to be the surfacing of a strong consensus on the scope and level of service that the organization needs to offer and maintain, identifying the required resource levels to adequately and efficiently provide those services, and adjusting and sourcing CRKN's revenues to match over a multi-year horizon. CRKN will be developing and adopting a new strategic plan at the October 2019 AGM, and the budget will be adopted and adjusted based on this process.

# Summary Financial Statements

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- 2 Summary statement of financial position
- 3 Summary statement of revenue and expenses
- 4 Notes to the summary financial statements

## Independent Auditor's Report on Summary Financial Statements

To the Members of  
Canadian Research Knowledge Network

The accompanying summary financial statements, which comprise the summary statement of financial position as at March 31, 2018, and the summary statement of revenue and expenses for the year then ended, and related notes, are derived from the audited financial statements of the Canadian Research Knowledge Network (CRKN) for the year then ended.

We expressed an unmodified audit opinion on those financial statements in our report dated June 30, 2018.

The summary financial statements do not contain all the disclosures required by Canadian accounting standards for not-for-profit organizations applied in the preparation of the audited financial statements of CRKN. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of CRKN.

### Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with the established criteria disclosed in Note 1 to the summary financial statements.

### Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, *Engagements to Report on Summary Financial Statements*.

### Opinion

In our opinion, the summary financial statements derived from the audited financial statements of CRKN for the year ended March 31, 2018, are a fair summary of those financial statements in accordance with the established criteria disclosed in Note 1 to the summary financial statements.

s. / Deloitte LLP (Anne-Marie Ethier)

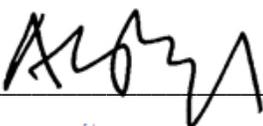
Chartered Professional Accountants  
Licensed Public Accountants  
June 28, 2018

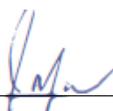
**Canadian Research Knowledge Network**  
**Summary statement of financial position**  
As at March 31, 2018

	Notes	2018	2017
		\$	\$
<b>Assets</b>			
Current assets			
Cash and cash equivalents		5,904,618	8,054,897
License and operation fees receivable		10,791,876	13,300,166
Due from Canadiana.org		124,977	—
Government remittances receivable		—	520,805
Prepaid licenses		89,983,351	92,051,742
Other prepaid expenses		73,732	83,311
		<b>106,878,554</b>	114,010,921
Capital assets		448,746	137,079
		<b>107,327,300</b>	114,148,000
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		13,167,822	19,741,915
Government remittances payable		293,501	263,435
Deferred revenue for license fees	3	90,245,868	92,087,301
Other deferred revenue	4	1,158,058	—
		<b>104,865,249</b>	112,092,651
Commitments	6		
<b>Net assets</b>			
Invested in capital assets		448,746	137,079
Internally restricted	5	1,585,923	810,299
Unrestricted		427,382	1,107,971
		<b>2,462,051</b>	2,055,349
		<b>107,327,300</b>	114,148,000

The accompanying notes are an integral part of the summary financial statements.

On behalf of the Board of Directors

 \_\_\_\_\_, Director

 \_\_\_\_\_, Director

**Canadian Research Knowledge Network**  
**Summary statement of revenue and expenses**  
Year ended March 31, 2018

	Note	<b>Budget 2018</b>	<b>2018</b>	<b>2017</b>
		\$	\$	\$
		<b>(Unaudited)</b>		
<b>Revenue</b>				
License fees		120,000,000	126,014,499	124,399,794
Operation fees		1,308,517	1,308,515	1,276,561
Interest		180,000	249,946	182,993
Other		107,627	180,152	98,746
		<b>121,596,144</b>	<b>127,753,112</b>	<b>125,958,094</b>
<b>Expenses</b>				
License fees		120,000,000	126,014,499	124,399,794
Salaries and benefits		781,165	837,982	828,343
Professional fees		311,766	244,805	146,017
Insurance		7,488	7,423	7,343
Administration		187,501	174,240	202,169
Telecommunications		16,366	15,916	18,994
Meetings and conferences		126,833	109,080	106,124
Meals, travel and accommodations		126,653	121,064	123,007
Amortization of capital assets		62,826	59,353	60,723
		<b>121,620,598</b>	<b>127,584,362</b>	<b>125,892,514</b>
<b>Excess of revenue over expenses before undernoted item</b>		<b>(24,454)</b>	<b>168,750</b>	<b>65,580</b>
Gain on combination with Canadiana.org	7	—	237,951	—
<b>Excess of revenue over expenses</b>		<b>—</b>	<b>406,701</b>	<b>—</b>

The accompanying notes are an integral part of the summary financial statements.

**1. Basis of presentation**

The summary financial statements are derived from the complete set of financial statements of Canadian Research Knowledge Network (CRKN) and they meet the recognition and measurement principles of Canadian accounting standards for not-for-profit organizations. A listing of the significant accounting policies is described in the full statements, including financial instruments, revenue recognition, capital assets, and the use of estimates.

**2. Nature of activities**

CRKN was incorporated on April 1, 2004, under the *Canada Corporations Act*, and continued on November 8, 2013, under the *Canada Not-for-Profit Corporations Act*. Through the coordinated leadership of librarians, researchers, administrators and other stakeholders, CRKN undertakes large-scale digital content acquisition and licensing initiatives in order to build knowledge infrastructure and research and teaching capacity of Canada's universities.

**3. Deferred revenue for license fees**

Deferred revenue relates to amounts received or receivable from members for license fees for future fiscal years. CRKN matches its license revenue and corresponding license expenses monthly to the period to which the license pertains:

			2018
	License	Other deferred	Total
	\$	\$	\$
Balance, beginning of year	92,005,005	82,296	92,087,301
Contribution received during the year	123,862,741	310,325	124,173,066
Contribution recognized as revenue	(125,805,886)	(208,613)	(126,014,499)
Balance, end of year	90,070,860	184,008	90,245,868

**4. Other deferred revenue**

Deferred revenue relates to amounts received or receivable from members for membership, subscription and hosting fees for future fiscal years.

				2018
	HCAP fee amounts	Non-CRKN ECO Subscriptions	Hosting	Total
	\$	\$	\$	\$
Balance, beginning of year	—	—	—	—
Contribution received during the year	1,057,452	81,728	18,878	1,158,058
Contribution recognized as revenue	—	—	—	—
Balance, end of year	1,057,452	81,728	18,878	1,158,058

## **5. Capital management**

CRKN manages its capital to ensure that there are sufficient financial resources in place to deliver on the priorities set by the Board of Directors. CRKN does not have any short-term or long-term debt.

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

CRKN also employs a net assets 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 ending March 31, 2018, the Board of Directors approved a transfer of \$775,624 (\$32,039 in 2017) from internally restricted to unrestricted net assets to comply with the net assets policy and ensure sufficient funds for operational contingencies.

## **6. Commitments**

CRKN has commitments for the rental of space through to March 31, 2022, and for the rental of office equipment through to January 2022. Minimum lease payments for the rental period are \$437,996 and \$46,160, respectively.

CRKN has commitments to spend \$5,000 per year (\$25,000 total) between April 2016 and March 2021 to host the [cndhi-ipnpc.ca](http://cndhi-ipnpc.ca) website. CRKN has prepaid the hosting provider, and recorded offsetting deferred grant revenue and prepaid expense amounts to match.

CRKN also has commitments with publishers to purchase licenses (and corresponding commitments from its members to participate in those licenses) of CAN\$4,232,715 and US\$131,179,403. At March 31, 2018, CRKN has a commitment for the purchase of US\$9,611,272 (US\$14,590,737 in 2017) through the use of forward contracts to settle license obligations on behalf of its membership.

## **7. Canadiana.org combination**

During that year, CRKN successfully negotiated to acquire the assets, hire the staff, and assume the ongoing operations and service commitments of Canadiana.org. The transaction resulted in a gain of \$237,951. Additional details are provided in the audited financial statements of CRKN.



CRKN  RCDR

Canadian Research Knowledge Network  
Réseau canadien de documentation pour la recherche