

CRKN

Annual Report

2016-2017



CRKN  RCDR

Canadian Research Knowledge Network
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 and teaching capacity in Canada's universities. Together, CRKN's 75 university members represent over 1.2 million researchers and students.

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 de technologie supérieure
École nationale d'administration publique
École Polytechnique de Montréal
HEC Montréal
Institut national de la recherche scientifique
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
The King's University
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

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Message from the Chair



Members of the Canadian Research Knowledge Network (CRKN) enjoy and benefit from a purpose-built national organization that ably supports the digital research and teaching content needs of the academic library community. CRKN continues to advance its strategic plan, building on traditional strengths in licensing and content negotiation while increasingly focusing on opportunities to collaborate nationally and internationally. CRKN remains well-positioned to address new and existing challenges that reach far beyond the library community to integrate digital scholarship and advance research capacity and innovation in Canada.

Academic libraries have evolved significantly over the past two decades: from being the source of funding for and providing access to scholarly communications to active participants in the content creation process as well as a trusted partner and champion in advancing research on campus. A confluence of financial and demographic pressures, demands for accountability, geopolitical realities, emerging technologies, and evolving publishing models are challenging the academic library to reinvent how it delivers teaching and research support, and it has responded in a measured and collaborative fashion through regional and national consortia like CRKN.

In my first few months as Chair of the CRKN Board I had the opportunity to speak directly with other leaders about the challenges facing our academic libraries within the evolving scholarly communications environment. I am encouraged by the work of the Model License Task Group, the former Banding Task Group and the Journal Usage Project in providing practical, research-based and made-for-CRKN approaches to members' diverse and increasingly divergent content needs. I thank members for their support for Canadian research through necessary and ground-breaking projects like ACUP/eBound, PKP, and the Érudit partnership.

I look forward to working with CRKN members and stakeholders to ensure that we coordinate and focus our best efforts nationally. For my part, I hope to provide connections and perspective to further strengthen the supportive community we have inherited together. I look forward to welcoming all members of CRKN to Montreal in October 2017.

Sincerely,

Alan Shepard

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

Message from the Executive Director



CRKN was highly active in the 2016-17 fiscal year responding to the increasingly challenging financial environment and the changing scholarly communication landscape in which CRKN members find themselves. The declining value of the Canadian dollar has had a significant impact on license costs for our members in the past 2 years, over and above annual and ongoing increases in subscription costs. Staff, with the guidance of the Content Strategy Committee, continued the core work of licensing content with these challenges in mind, looking to keep negotiated increases at the level of consumer price index and seeking alternative options for members to the traditional “big deal” packages that university libraries have historically found to be of value. This year, CRKN increased the level of engagement with members in the negotiations process. In addition, the Journal Usage Project was launched, extending research on journal usage, citations and faculty perceptions of journal value on a national scale.

CRKN has continued to advance digital scholarship through a number of collaborative initiatives. We continue our international engagement with the successful renewal of the SCOAP3 initiative, participation in the International Council of Library Consortia (ICOLC) community and exploration of the OA2020 initiative. National collaborations included an extension of our partnership with Érudit for another year, participation in the Canadian Scholarly Publishing Working Group along with other stakeholders in the community, and actively engaging with many stakeholders from the digital infrastructure community in the development of a consortial approach to the implementation of ORCID in Canada - ORCID-CA. CRKN and Canadiana.org also began an exploration of the possibility of combining our

two organizations which was discussed extensively by members during the 2016 Annual General Meeting (AGM), and continues to be explored into 2017.

Following the October 2016 AGM, CRKN welcomed Dr. Alan Shepard as Chair of the Board of Directors, for a three-year term. His leadership begins as members ratified a two-year extension of the Strategic Plan and will be of tremendous value as we explore the opportunity with Canadiana and seek to find new ways of supporting members in the core work of licensing.

CRKN continues to operate in a fiscally responsible manner, again exceeding budget expectations and showing a third consecutive modest surplus in fiscal 2016-17. The CRKN team was actively engaged over the summer and into the fall in the re-development of the CRKN website to be more informative and easier to navigate. It was launched in October 2016.

As in previous years, it is my pleasure to work with the CRKN team who demonstrate a dedication and 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. I look forward to serving the community over the next year as the CRKN team continues to deliver to the objectives set by the membership.

Sincerely,

Clare Appavoo
Executive Director



Overview of CRKN

Mission

The Canadian Research Knowledge Network (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.

CRKN AT-A-GLANCE

8 Staff and a volunteer board



4 Standing committees



2 Associated task groups

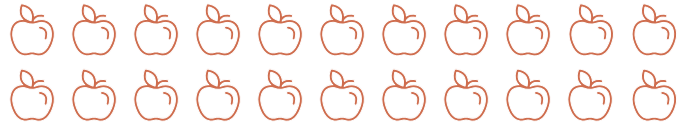


Supporting member libraries from



75
Universities

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



And **1M** Students across Canada



By managing license expenditures of



\$124
Million

Board of Directors

CRKN is governed by a volunteer Board of Directors consisting of ten 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.



Board of Directors January 2017 From left to right: Todd Mundle, Lesley Balcom, Trevor Davis, Catherine Steeves, Alan Shepard, Clare Appavoo, Carol Shepstone, Daniel Godon, Larry Alford, Gwen Bird, Christopher Callbeck

Dr. Alan Shepard

Chair
President and Vice-Chancellor
Concordia University

Larry Alford

Chief Librarian
University of Toronto

Lesley Balcom

Dean of Libraries
University of New Brunswick

Gwen Bird*

University Librarian and Dean of Libraries
Simon Fraser University

Christopher Callbeck*

Treasurer
Vice President, Finance and
Administration and CFO
Acadia University

Carol Shepstone*

Vice-Chair
University Librarian
Mount Royal University

Catherine Steeves*

Vice-Provost and Chief Librarian
Western University

Trevor Davis*

Executive Director, Research Operations
Simon Fraser University

Daniel Godon

Directeur du Service de la bibliothèque
Université du Québec en Outaouais

Todd Mundle

University Librarian
Kwantlen Polytechnic University

***Member of the Executive Committee**

Annual General Meeting

Overview of AGM

The 2016 Annual General Meeting (AGM) was held October 18-20 in Halifax. In total, CRKN hosted 106 attendees, including members, speakers, and staff. Sessions included updates on Open Access initiatives, CRKN projects, copyright updates and updates on the work of the Institutional Mobilization Task Group, licensing activities (incl. perpetual access) and the Journal Usage Project. CRKN members also approved an extension of CRKN's current strategic plan. 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 95% (45% Very Satisfied, 50% Satisfied).



Photos of members during welcome reception



Dr. Ray Siemens delivers keynote at AGM 2016

Ron MacDonald Distinguished Service Award

The recipient of the Ron MacDonald Distinguished Service Award was celebrated at the 2016 Annual General Meeting in Halifax.

Leslie Weir was recognized *for her dedication to service, contribution to innovative initiatives, and collaborations to advance knowledge infrastructure in Canada* by fostering relationships both within and outside of the world of librarianship, often working with scholarly publishers, funders and others. Leslie was instrumental in the development and continued success of CRKN, starting in 2002 when she joined the Canadian National Site License Project (CNSLP) Steering Committee, the precursor to CRKN. This member recognition award, first conferred in 2010, honours the late Ron MacDonald, a key contributor to the development of CRKN's collaborative programs and services.



Award being presented to Leslie Weir by Donna Bourne-Tyson



From left to right: Carol Shepstone, Leslie Weir, Elizabeth Cannon

Strategic Objectives

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.

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.

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.

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.

Projects & Collaborations

CRKN actively works on behalf of its members to develop partnerships and joint ventures to advance 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.

Journal Usage Project

The Journal Usage Project was initiated in spring 2016. The study extends the research initially conducted by Dr. Vincent Larivière, Université de Montréal and with three other universities in Quebec that examined the impact on libraries of the consolidation of journal publishing and the development of what is known in the industry as the "big deal". The extension of the research to 28 universities across the country provides participating institutions the opportunity to compare faculty perception of journal value with usage and citation of journals on their campuses. It also explores the similarities, differences, and trends in usage, citation, faculty perceptions, and other factors among various types of institutions in Canada.

The Project was launched in summer 2016: journal usage data were collected through the summer and fall, and survey data were collected through the late fall and early winter. Findings will be delivered in summer 2017.

Érudit Partnership

The partnership between Érudit and CRKN will be recognized as the ALCTS Outstanding Collaboration Citation at the ALA meeting in June 2017. This partnership successfully reduced the open access embargo for subscription journals to 12 months while also fulfilling the ultimate objective of increasing the amount of content available via open access. Érudit plans to engage directly with members via webinars to communicate its future business model and projects. The collaboration between PKP and Érudit has become stronger over the years and has led to significant improvements in the publication and dissemination of humanities and social sciences scholarship in Canada. A proposal for a new partnership agreement will be communicated to members in the fall, prior to the AGM.

« We need to take steps to preserve access to articles and data gathered through publicly-financed research projects, data that can be useful to government decision-makers and to citizens as a whole. »

Tanja Niemann, *udemnouvelles*,
Septembre 13 2017

SCOAP³

CRKN is the National Contact Point for Canada for the Sponsoring Consortium for Open Access Publishing in Particle Physics (SCOAP³) initiative, and CRKN's Executive Director represents our Canadian members on the SCOAP³ Governing Council, in addition to chairing the Executive Committee. SCOAP³ is a one-of-its-kind [partnership](#) of thousands of libraries, funding agencies and research centres from more than 40 countries around the world. Working with leading publishers, SCOAP³ has converted [key journals](#) in the field of High-Energy Physics to open access at no cost to authors. SCOAP³ is centrally paying publishers for the costs involved in providing Open Access, and publishers in turn reduce subscription fees to all their customers, who contribute those fees to SCOAP³. Each country participates at a level commensurate with its [scientific output](#) in this field.

During the 2016-17 fiscal year, the SCOAP³ contract was renewed for Phase II, covering the 2017-2019 period. In addition, CERN and the American Physical Society have reached an agreement to add three APS journals to the project beginning on January 1, 2018. The addition of these three journals means that SCOAP³ will cover over 90% of published articles in the discipline of high-energy physics.



ORCID Canada

In 2016, the ORCID Canada Working Group was formed to examine the possibility of a national consortial approach to ORCID in Canada. The working group is composed of a variety of stakeholders from across the research community. With its licensing expertise and national scope, CRKN agreed to serve as the consortium lead for the ORCID Canada consortium. In March, the working group released a joint statement of principles and the ORCID-CA website was launched. License negotiations were successfully concluded on March 28. Recruitment for inaugural members of ORCID-CA began in April.

COUNTER

CRKN continues to be an active member of COUNTER, the international standards body that maintains a Code of Practice that defines how usage data is reported for electronic resources. CRKN members use COUNTER reports extensively in order to have quantitative data on the usage of their collections. COUNTER reports are a key component of both Journal Value Analytics and the Journal Usage Project. As COUNTER moves to a new version of its Code of Practice, in 2017, CRKN and its members have engaged in the draft development process. The new Code of Practice is expected to be finalized in 2017 with implementation beginning in January 2019.

CNDHI-IPNPC

The Canadian National Digital Heritage Index (CNDHI) was launched in March 2016 at cndhi-ipnpc.ca. CNDHI is an index of digitized Canadian heritage collections located at Canadian universities and provincial and territorial libraries, and is supported by funding from Library and Archives Canada and CRKN.

CNDHI is designed to increase awareness of, and access to, digital heritage collections in Canada, to support the academic research enterprise and to facilitate information sharing within the Canadian documentary heritage community. The site has been widely visited and shared by documentary heritage professionals and enthusiasts alike. Media in the collections include video recordings, audio recordings, images, e-text, manuscripts, and publications.

At launch, CNDHI contained just over 1000 collections from 142 institutions; in 2017, a submission form was added to easily add new collections from colleagues with knowledge of digital heritage collections done in summer 2017 in Canada. As a result, the index continues to grow, currently listing over 1200 collections, with more coming online throughout the year.



Canadian Scholarly Publishing Working Group

The Canadian Association of Research Libraries (CARL) initiated the [Canadian Scholarly Publishing Working Group](#) as a multi-stakeholder group in July 2016 to develop a forward-looking robust, and sustainable framework for Canadian scholarly communications. CRKN actively participated in the working group along with other representatives of the Canadian scholarly publishing community including university presses, research libraries, researchers, and Érudit. The working group had regular meetings concerning the future of scholarly publishing in Canada and provided a key forum for these parties to come together to discuss common issues. CRKN contributed our licensing and content expertise particularly through our partnership with Érudit. The working group produced an interim report in January 2017, and the [final report](#) was published in the summer of 2017.

CRKN-Canadiana Merger Exploration

During the 2016-2017 year, a joint CRKN-Canadiana Merger Exploration Working Group was established to investigate the opportunities and risks of a combination of the two organizations. The group included staff and Board representatives from both entities, to develop a shared vision for the potential of combining both organizations. The merger working group presented its interim findings to the membership in October 2017 in Halifax, and during the year, prepared for a focus group with the full membership in Toronto in May 2017. The working group was subsequently directed to bring a full business proposal to the membership, which it intends to do at AGM 2017.

Integrated Digital Scholarship Ecosystem (IDSE) Project

CRKN continues the work of the Integrated Digital Scholarship Ecosystem project through various activities such as the launch of the Journal Usage Project, the development of CNDHI-IPNPC, participating in the INKE collaboration and working collaboratively with other organizations to develop a Canadian consortial approach to ORCID.

Services

Institutional Mobilization Toolkit

The Institutional Mobilization Toolkit, developed and launched in early 2016, provides members with tools to use in conversations with internal stakeholders on the sustainability challenges for libraries in the current scholarly communications system. Elements of the toolkit were utilized by members during the year and members provided feedback on improvements and enhancements to increase the utility of the tools. CRKN has revised the tools in response to member input and will release version 2 in fall 2017.

Journal Value Analytics

CRKN annually collects usage data on the largest licensed packages that are coming up for renewal, to assist members in measuring the value of the packages to their institutions. This year data from 4 publishers were included in the Journal Value Analytics (JVA) report: Elsevier, Sage, Springer, and Wiley.

CRKN staff implement improvements to the report each year based on member feedback and are planning a full revision to the design of the report for 2018.

“We have used resources from the IM Toolkit in a package we prepared for SFU Senate. The material provided excellent context for discussion of our university-wide Open Access Policy.”

Gwen Bird, University Librarian,
Simon Fraser University

“To prepare for Open Access week at UPEI, we used the IM Toolkit infographics about open access.”

Rosemary Le Faive, Digital Infrastructure and
Discovery Librarian, University of Prince Edward Island

Foreign Exchange Services

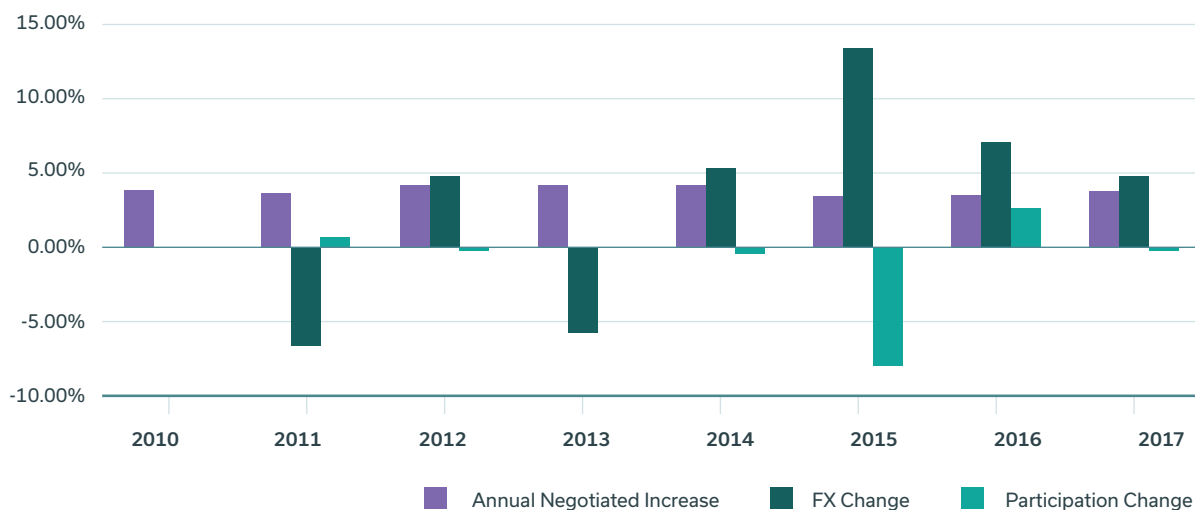
Over the last decade, CRKN has refined the negotiation and invoicing process surrounding its core content licensing activity, representing nearly 1/3 of the acquisitions budgets of Canadian universities nationally. The bulk of CRKN-licensed content is negotiated in and settled in U.S. dollars (USD) but billed to members in Canadian (CAD) currency. As CRKN licenses are typically negotiated for a three year term, member collection budgets are exposed to significant foreign exchange risks over the course of the license from the time when a USD commitment is made to when the CAD payment is demanded.

CRKN has offered a foreign exchange service since 2012 with the goal of providing greater control and predictability for member budgets by allowing members to exercise choices over the settlement of their USD commitments.

This year the service was expanded to include an option to pay in USD allowing members to leverage their own institution's foreign currency where available. The service is offered for a small administrative fee and is completely opt-in. While the service provides options for cost predictability it does not guarantee better pricing for members.

In recent years, the variability in the strength of the Canadian dollar has had a much more significant impact on member costs than the negotiated annual price increases as demonstrated below:

CRKN - Typical Large Publisher License Expenditure Fluctuation, 2010-2017



Since the services were first offered in 2012, 40 CRKN members have taken advantage of the service to cover nearly \$60M USD in license

commitments. This fiscal year (2016-17) 29 members utilized the service for over \$25M USD to pay for three of CRKN's largest licenses.

Institutional Annual Review

CRKN provides annual customized reporting to members that summarizes the value of the CRKN content licensing program including: invoicing details, license costs, foreign exchange effects, and the institution's membership fee as a per-license cost. Each Institutional Annual Review also showcases member participation in new projects or initiatives such as the Canadiana Heritage Project, Érudit Partnership and SCOAP³.

In order to allow them to undertake their own analysis, CRKN makes the underlying licensing data available to the individual member in spreadsheet format. CRKN also uses the aggregate license expenditure data – arranged in a consistent format since the 2009-2010 year – for a variety of other reporting purposes, including tracking the foreign exchange effect on CRKN members' budgets in aggregate.

The report is typically sent to the membership in June, in combination with the CRKN membership fees and is designed to be modular, so that one or several sections might be reused by members in communicating with various stakeholders on their campus.

"The University Of Victoria has worked with CRKN to help mitigate the effect foreign currency fluctuations has on our bottom line and their service is excellent. In working through issues they are always very engaged and accommodating in finding solutions that work for both parties."

Andrew Coward, Treasurer
University of Victoria

Overview of Content Strategy Committee

The Content Strategy Committee 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.



Back row (from left to right): Jason Friedman, Harriet Rykse, Tanja Harrison, Denise Koufogiannakis, Pamela Jacobs, Stéphanie Gagnon, Lisa Petrachenko, Alexandra Houde, Craig Olsvik
Front row (from left to right): Gabrielle Prefontaine, Todd Mundle, Clare Appavoo, Jennifer Richard

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

Mount Saint Vincent University

Jennifer Richard

Acadia University

Ontario Council of University Libraries (OCUL) designates:

Harriet Rykse

Western University

Pamela Jacobs

University of Guelph

Bureau de coopération interuniversitaire (BCI) designates:

Stéphanie Gagnon

Université de Montréal

Louis Houle

McGill University

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

Denise Koufogiannakis

University of Alberta

Lisa Petrachenko

University of Victoria

CRKN NEGOTIATION PROCESS



Content Strategy Committee Report

The 2016-17 year was a period of change with respect to many aspects of CRKN's licensing activities. While there was a smaller than typical number of licenses up for negotiation and renewal, much was accomplished with regards to the evolution of CRKN's licensing process, our engagement with members throughout the negotiations cycle, and migration to the new CRKN Model License.

Taylor & Francis

The Taylor & Francis license agreement was the main contract up for renewal in 2016-2017, and the only large "big deal" journal package. In response to member requests for more input into the negotiations process, CRKN altered its member feedback process, and held several web teleconferences early in the renewal cycle in 2016. These meetings were designed to allow members to have early input into the development of the negotiation objectives drafted by the Content Strategy Committee and later reviewed and approved by the Board of Directors. Attendance at the web conferences was excellent and CRKN followed-up the sessions with a dedicated T&F member survey with questions based on the topics of conversation that occurred during the teleconferences.

CRKN heard from many members about a desire for increased flexibility within large journal package licenses. Specifically, some libraries are looking for ways to reduce their spend on journal licenses in an environment where reduced library budgets and the continued decline in the value of the Canadian dollar can make the status quo unsustainable. In response to this, CRKN negotiated the addition of alternative options to the T&F license (smaller subject collections), while at the same time achieving excellent terms for the majority of libraries that continue to license the comprehensive package of journals. In addition, the CRKN membership was instrumental in giving CRKN the leverage to negotiate an exception to a new T&F rolling archive policy that threatened to put members at further risk of loss of access to content or additional fees.

ACUP/eBOUND

January 1, 2017 marked the first renewal of the license for e-books between CRKN, eBOUND, and the Association of Canadian University Presses (ACUP). The license, which includes content from 17 member presses, provides access to a comprehensive collection of more than 10,000 titles, while also providing libraries the flexibility to choose among several collections arranged by publication year. The second phase of the license now covers content from 2017 through 2019, and also marks the addition of several participants from smaller universities in Ontario that have migrated to the CRKN license following the expiry of their own regional contract. CRKN members continue to value Canadian content and look for sustainable models to support that Canadian scholarly content.

CRKN anticipates working with eBOUND, ACUP, and Scholars Portal (acting as host and platform for the e-books) to improve many facets of the license, including more timely delivery of books and records, improving the comprehensiveness of the collections, and addressing issues around digital rights management.

"The University of Calgary Library appreciates the leverage that CRKN brings to negotiations with vendors and the efforts that CRKN has made to address the varying needs of its members. For Calgary, the ability to reduce our overall expenditure on Taylor & Francis journals – by cancelling one of the three main collections and adding a smaller subject package – has made it possible for us to achieve savings while retaining priority acquisitions."

Tom Hickerson, Vice-Provost
(Libraries and Cultural Resources)

CRKN Model License

The CRKN Model License Task Group completed its work in May 2016, signaled by the review and approval of the new Model License by the Board of Directors. The systematic review and upgrade of the language and format of the Model License was undertaken at the recommendation of the Content Strategy Committee in response to the evolution of licensing best-practices over time, since the inception of the Model License at the beginning of the Canadian National Site Licence Project in 2000.

CRKN members rely on the Model License as one of the main benefits of participating in CRKN license agreements. The task group reviewed license language from a variety of international sources and wrestled with the changing scholarly communications needs to ensure that the updated Model License reflects the best terms and conditions for CRKN libraries. Significant areas of improvement in the new Model License include improvements to clauses around post-termination and perpetual access, scholarly sharing and educational use, accessibility, streamlined permitted uses and authorized users sections, and an opt-out clause for multi-year license agreements.

The renewal of the Taylor & Francis license agreement for 2017-2019 marks the first use of the revised Model License, with the vast majority of the standard language remaining intact for the finalized contract. CRKN expects to utilize the new license in all of its negotiations moving forward and anticipates most contracts moving to the new model within the next two years.

CRKN Banding System

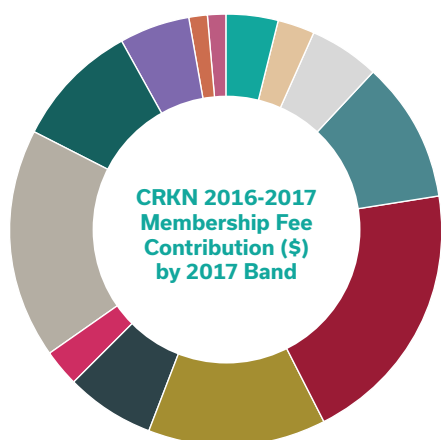
Through the reports of the Cost Sharing Advisory Group, delivered June 2013 and a subsequent Banding Task Group delivered in 2015, CRKN developed a banding system to provide a relative measure of comparison among consortium members that can be used to fairly allocate price for resources that are currently cost shared amongst members (representing 20% of CRKN's licenses). The system is designed to be relevant to, and representative of, the teaching and research activities of members with peers together in a band, paying the same cost for a given license.

CRKN has negotiated the transition from cost sharing to banded pricing with 2 publishers and will be raising this in future negotiations as cost-shared licenses come up for renewal.

The allocation of CRKN member institutions to bands is reviewed annually based up the most currently available 3 year average of the data. Beginning with the 2017-18 fiscal year, CRKN also utilizes the banding system to assess membership fees, transitioning from an 8-tier system to 13 band structure.

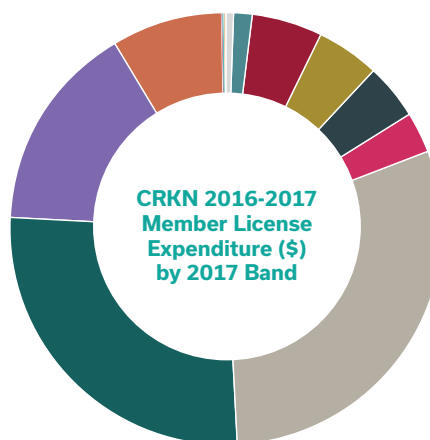
This year, as members experience further budget challenges with a declining portion of the University budget and weakened Canadian dollar, analysing how members within the various bands are participating in CRKN licensing activity helps the organization to understand where cost impacts may be most severe. The following chart shows the percentage % of the total \$124M CRKN spend by band with the number of members within the band listed in brackets (x).

Fiscal Year 2016-2017 was the last year that CRKN used its legacy 8-tiered system for assessing membership fees. In FY 2017-18, CRKN migrated to the banding system for assessing membership fees. Although the billing in 2016-17 was based on the old tiers, the allocation of membership fees may also be viewed according to bands:



| | |
|------------------|-------------------|
| Band 1 (1), 0% | Band 8 (5), 7% |
| Band 2 (3), 1% | Band 9 (2), 3% |
| Band 3 (2), 1% | Band 10 (13), 24% |
| Band 4 (4), 2% | Band 11 (7), 18% |
| Band 5 (8), 5% | Band 12 (4), 13% |
| Band 6 (15), 12% | Band 13 (1), 3% |
| Band 7 (10), 10% | |

Again as the chart illustrates, the 13 institutions in Band 10 contribute 23.9% of CRKN's overall membership fee revenue, while the single institution in Band 13 contributes 3.3% of the total membership revenue.



| | |
|-------------------|---------------------|
| Band 1 (1), 0.1% | Band 8 (5), 4.4% |
| Band 2 (3), 0.1% | Band 9 (2), 2.9% |
| Band 3 (2), 0.2% | Band 10 (13), 30.0% |
| Band 4 (4), 0.5% | Band 11 (7), 26.7% |
| Band 5 (8), 1.5% | Band 12 (4), 15.6% |
| Band 6 (15), 5.1% | Band 13 (1), 8.3% |
| Band 7 (10), 4.7% | |

As the chart illustrates, the 13 institutions in Band 10 spent 30% of CRKN's overall \$124M in 2016-17 while the single institution in Band 13 spent 8.3% of the total.

Overview of the Finance & Audit Committee

The Finance & Audit Committee is established by the Board of Directors as a standing committee of the Board and 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 written annual report of the auditor;
- Recommending the annual budget to the Board, including recommending the annual membership fee;
- Determining whether revised budgets are necessary and to recommending 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.

Membership 2016-17

Christopher Callbeck

Chair
Assistant Vice-President,
Finance and Administration
and CFO
University of New Brunswick

Bernard Bizimana

Directeur de la Bibliothèque
HEC Montréal

Daniel Godon

Directeur du Service
de la bibliothèque
Université du Québec
en Outaouais

France Paul

Directrice, Services
techniques
Université de Sherbrooke

Trudy Pound-Curtis

Assistant Vice-President,
Finance and Chief
Finance Officer
York University



Back row (from left to right): Ken Blonski, Daniel Godon, France Paul, Bill Kuurstra

Front row (from left to right): Bernard Bizimana, Christopher Callbeck, Clare Appavoo

Management Discussion & Analysis

Year ended March 31, 2017

This Management Discussion & Analysis is intended to accompany and complement CRKN's audited financial statements for the year ended March 31, 2017. Both the Finance & Audit Committee and the Board 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.

CRKN completed its thirteenth year of independent operations as an incorporated Canadian Not-for-Profit on March 31, 2017. 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.

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. Once again, no areas of concern or improvement were identified in either a management letter or in the auditor's year-end communication to the Finance & Audit Committee.

Executive Summary

Financial results reflect the first year of the extended 2016-2018 Strategic Plan, formally approved at the 2016 Annual General Meeting, based on the strategic objectives of the 2013-2016 plan. While CRKN continues its commitment to making digital content available to the academic research enterprise in Canada on a cost-effective, stable, and predictable basis, it has also focused on the mandate to collaborate with allied stakeholders to advance digital scholarship in Canada.

Although CRKN had budgeted a planned deficit of over \$35,000, it realized enough one-time cost savings, investment income and other revenues to achieve a modest surplus, the third surplus in as many years. The ninth successive budgeted deficit for FY2016-17 was in accordance with CRKN's multi-year model, intended conservatively and predictably to return the organization to a balanced budget.

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 notes that, with the approval of its 2017-2018 budget, it has returned effectively to a structurally balanced budget.

Major developments this year included: the significant redesign of CRKN's public and members-only website in Drupal 8, the replacement of the salaried Member Services & Licensing Officer, the addition of a Senior Content & Licensing Officer (on a one-year secondment from the University of Montreal to cover a leave-of-absence), the initiation of the Journal Usage Project, the launch of a completely overhauled CRKN Model License, development (in collaboration with other members of the digital research community) of the ORCID-CA initiative, and the delivery of a well-attended and successful AGM in Halifax in October 2016.

Statement of Financial Position

Cash & receivables balances: Publisher invoicing delays extending beyond the anticipated January 1 renewal for several licenses again created a large cash and receivables balance at March 31, 2017. All receivable amounts were current at year-end, and CRKN continues to maintain adequate financial resources to meet its operational requirements.

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 very nearly all of the GST, HST and QST expended in its operation.

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. The balances are again higher at March 31, 2017 than a year ago (and the highest ever), reflecting the continuing effects of a weaker CAD on predominantly USD denominated licensing agreements.

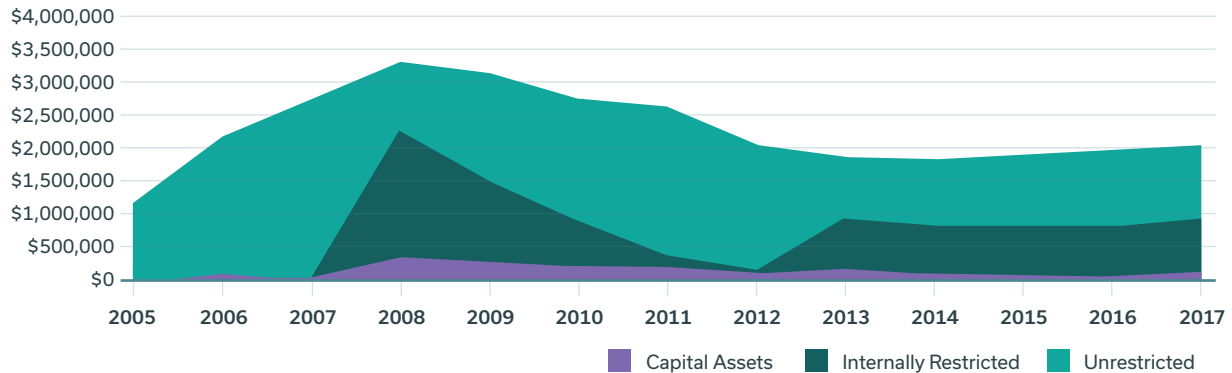
Capital Assets: CRKN has completely exhausted its capitalized leasehold improvements at March 31, 2017, coincident with the expiry of its initial lease at 11 Holland. At the same time, CRKN has significantly capitalized its website development during the year. Note that CRKN completed a lease renegotiation for its existing space (to March 31, 2022) in May 2016, but is being moved (at the landlord's expense and cost) to a new, slightly smaller space in the same complex. As a result, CRKN envisions minor additional leasehold improvement and furniture capitalization in FY2017-18, coincident with the move.

Accounts payable and accrued liabilities: CRKN's payables balance is driven almost completely by variations in the license cycle from year to year. In this instance, CRKN received one significant license invoice (and numerous smaller ones) late in the year, which remained unpaid at March 31st.

Unrestricted and Restricted Net Assets: As part of its budget approval process for FY2017-18, and in accordance with its Net Assets policy, CRKN has internally restricted \$810,299 (1/2 of its approved FY17-18 operating budget) of its net assets.

Note that 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 declined by nearly \$70,000 this year as a result, but at \$1,107,971, is still significantly higher than the \$961,134 at March 31, 2013. As seen below, CRKN's net asset composition has stabilized since CRKN's move to new premises in April 2012.

CRKN - Changes to Net Assets Composition

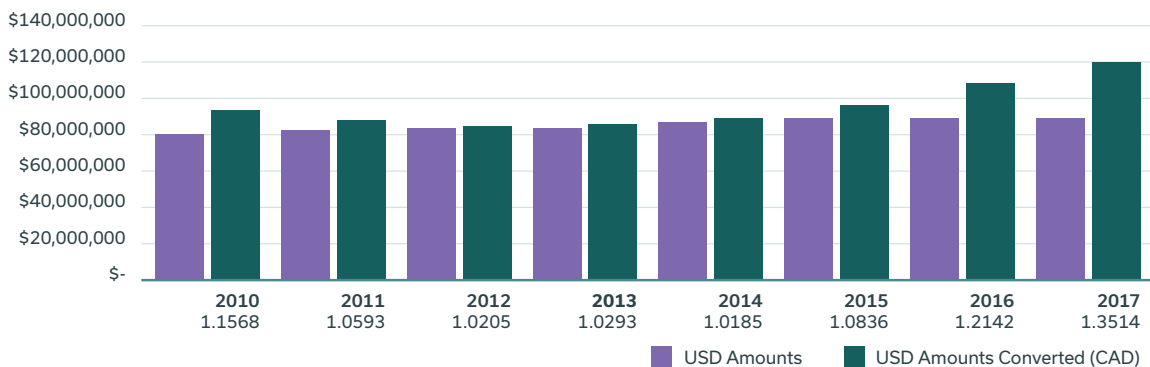


Net License Contribution: As CRKN bills members for 100% of its license costs, and because it matches the realization of licensing revenues and expenditures monthly based on the relevant license period, the net licensing contribution is ordinarily zero.

CRKN experienced another significant year of revenue growth (and members experienced an attendant increase in license costs), spurred in particular by increases in USD-denominated content. As in past years, variations in net revenues result as much by fluctuations in the strength of the Canadian dollar as by changes in license activity:

- CRKN's total license revenue in CAD has increased for each of the past four years (and this year is, again, a record for CRKN)
- Holding 2009-10 FX rates constant (i.e. in constant FY 2009-10 Canadian dollars), FY16-17 was ahead of FY15-16, and second only to FY14-15 in total licensing activity.
- Total USD-denominated license revenue actually decreased (by \$43K) for the first time in eight years, but remains more the \$88M USD for the third straight year.

USD License Volume - Exchange Effect



- Moreover, CRKN's USD license revenue (nearly 94% of total CRKN revenue) was realized at an average rate of 1.3514 (11% higher than last year), and a full third more than FY2013-14. This is the highest rate facing CRKN members in recent memory.
- CAD denominated content purchasing was up nearly 10% compared to last year, while content purchased in GDP and USD was virtually unchanged.

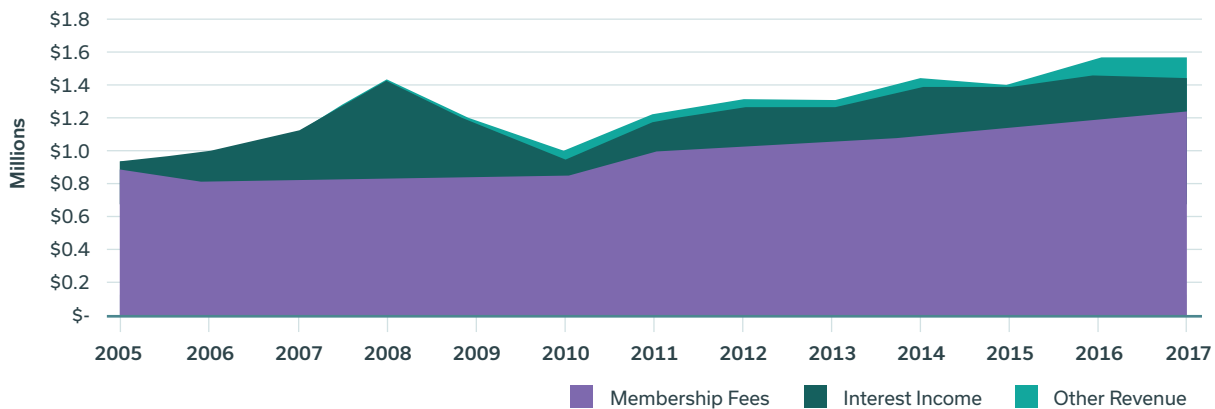
Operations Fees: With Board approval and in accordance with its multi-year plan to return to a balanced budget, CRKN increased membership fees in FY2016-17 by 4.0% from \$1,227,452 to \$1,276,561. CRKN's membership held constant again at 75 members for the year.

CRKN will be moving to a new system of banded membership fees beginning in 2017-18, with a planned net 2.5% increase in membership fees. Under the banded system, membership fees will be changing by more than 10% (both up and down) for 20 members in the transition year, with all members being charged fees commensurate with one of 13 discrete membership bands by 2018-19.

Interest Revenue: Interest revenue was very close to budget, despite continued historically low interest rates (averaging 1.05% for CAD funds invested this year). CRKN benefited from daily cash balances averaging over \$17 million dollars CAD. CRKN also piloted an option for USD invoicing during the year, and held significant USD cash balances, which realized over \$38,800 (CAD) in interest income, which offset some \$38,100 in interest returned to members during the year after premature foreign exchange service invoicing.

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 Halifax, and qualifying for a fourth YCW grant to fund a Digital Services Intern. CRKN remains committed to pursuing other revenue options which tie to its core mandate.

CRKN - Operating Income Composition



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

Statement of Revenue and Expenses

Salary and Benefit Expenses: CRKN's payroll expenses were better than budgeted, largely due to short term vacancies in two salaried positions during the year. CRKN's budget for next year includes a contract through secondment, rather than a salaried, Senior Content & Licensing Officer.

Contractor and Professional Fees: Professional fees were less than budgeted, including savings from budget for legal, translation, communications, and HR contractors but incurred additional costs for a staff secondment for an 11-month term, beginning February 2017.

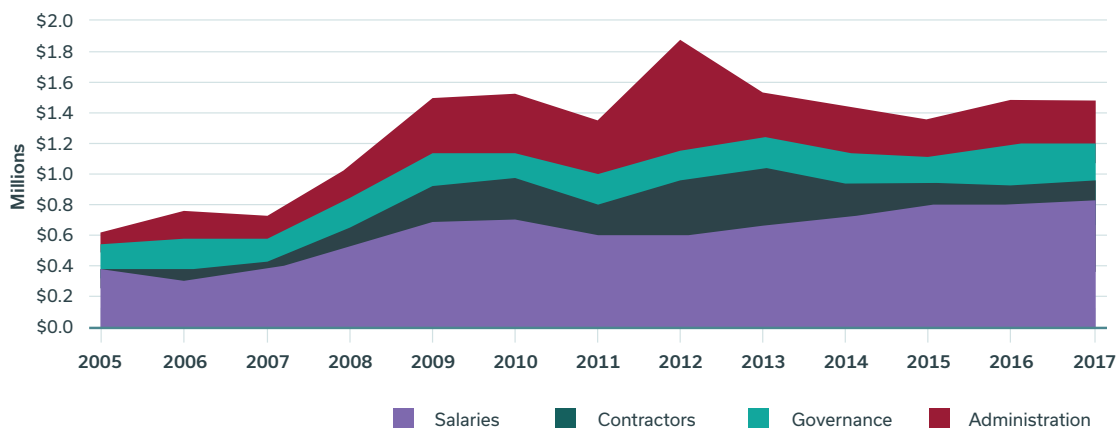
Governance and Meeting Costs
Total meeting and governance costs were more than budgeted, in part due to the costs of the AGM (offset by higher than anticipated revenues). CRKN continues to make use of standing committees and task groups to address governance needs.

Administration Expenses: Administrative expenses were generally in line with projections, with savings in particular for conference expenses and graphic design. CRKN spent significantly more than budgeted on office travel and for amortization due to the higher than anticipated capitalized cost of the website.

Prospective Analysis

Content Acquisition and Delivery: CRKN anticipates few opportunities for new large-scale content acquisition in the near term, and notes that most members are considering rationalizing their content budgets, including their purchases through CRKN. The Journal Usage Project to be completed in June 2017, and should assist both members and CRKN in setting content priorities. CRKN has identified the drop-off of membership on individual licenses, and the attendant, cascading effect on CRKN membership, as a significant organizational risk.

CRKN - Operating Expense Composition



The USD generally appreciated during the fiscal year, which exacerbated the effects of rising

costs and 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.

Operations: Board approved membership fees will increase by 2.5% overall in 2017-18, from \$1,276,561 to \$1,308,515. 2017-18 will also be the first year of a two-year transition to a new, member-devised system of banded membership fees. Integration of the new, banded membership fee system, including annual recalculation of the bands and associated membership fees, should be complete by 2018-19. 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.

Core administrative and governance expenses (facilities, staff and salary levels, audit fees, committee expenses, travel, AGM costs) are expected to remain relatively static based on CRKN's updated committee structure and the extension of CRKN's 2016-2018 strategic plan. CRKN continues to identify and prioritize areas where the organization can best and most efficiently provide value to members.

Multi-year perspective: Five years ago, changes in financial presentation necessitated by the updated Net Assets policy reduced CRKN's balance of unrestricted net assets to \$961,134, its lowest level in the organization's brief history. For FY2016-17, this unrestricted balance is \$1,174,043 following a number of modest surpluses, and net of an increase in net assets due to the website redevelopment during the year.

CRKN constructed its FY2017-18 budget based on the strategic priorities and objectives from the 2016-2018 Strategic Plan, including updated objectives devised in consultation with its stakeholders. The 2017-18 budget effectively returns CRKN to a structurally balanced budget, barring significant changes in membership or mandate.

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.

Significant Anticipated Future Events

At March 31, 2017, CRKN is anticipating moving to new premises within its existing building at 11 Holland. While the move is anticipated to be moderately disruptive, the landlord is paying for the costs of the fit-up and relocation, and the new space should be more effective and more efficient, but also both smaller and less expensive on a per square foot basis. The move will be completed by June 5, 2017.

CRKN remains in discussion with Canadiana.org about the possibility of merging the operations of both organizations. Both organizations share a complementary membership and mandate, with CRKN members providing the majority of Canadiana's operating revenues through the ECO license agreement. The membership has asked the working group investigating the merger to develop a detailed business plan in support of the initiative. A final decision will be made at CRKN's October 2017 AGM in Montreal. Note, in particular, that a potential merger with Canadiana will involve changes to CRKN's governance, human resource, and membership and associated fee structures and a review of the CRKN's strategic plan.

Summary Financial Statements

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- 1 Independent Auditor's Report on Summary Financial Statements
- 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, 2017 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 19, 2017.

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, 2017 are a fair summary of those financial statements in accordance with the established criteria disclosed in Note 1 to the summary financial statements.



Chartered Professional Accountants
Licensed Public Accountants

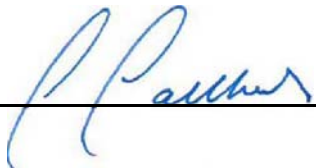
June 19, 2017

Canadian Research Knowledge Network


Summary statement of financial position as at March 31, 2017

| | 2017 | 2016 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 8,054,897 | 17,411,662 |
| License and operations fees receivable | 13,300,166 | 2,864,974 |
| Government remittances receivable | 520,805 | 621,469 |
| Prepaid licenses | 92,051,742 | 91,361,571 |
| Other prepaid expenses | 83,311 | 84,891 |
| | 114,010,921 | 112,344,567 |
| Capital assets | 137,079 | 37,466 |
| | 114,148,000 | 112,382,033 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 19,741,915 | 18,998,037 |
| Government remittances payable | 263,435 | 36,010 |
| Deferred revenue for license fees (Note 3) | 92,087,301 | 91,358,217 |
| | 112,092,651 | 110,392,264 |
| Commitments (Note 5) | | |
| Net assets | | |
| Invested in capital assets | 137,079 | 37,466 |
| Internally restricted (Note 4) | 810,299 | 778,260 |
| Unrestricted | 1,107,971 | 1,174,043 |
| | 2,055,349 | 1,989,769 |
| | 114,148,000 | 112,382,033 |

On behalf of the Board of Directors



Administrator



Administrator

Canadian Research Knowledge Network

Summary statement of revenue and expenses
year ended March 31, 2017

| | Budget 2017 | 2017 | 2016 |
|--|--------------------|--------------------|-------------|
| | \$ | \$ | \$ |
| | (Unaudited) | | |
| Revenue | | | |
| License fees | 114,000,000 | 124,399,794 | 111,924,041 |
| Operation fees | 1,276,561 | 1,276,561 | 1,227,452 |
| Interest | 180,000 | 182,993 | 244,800 |
| Other | 61,957 | 98,746 | 100,510 |
| | 115,518,518 | 125,958,094 | 113,496,803 |
| Expenses | | | |
| Licenses fees | 114,000,000 | 124,399,794 | 111,924,041 |
| Salaries and benefits | 856,005 | 828,343 | 814,077 |
| Professional fees | 211,155 | 146,017 | 121,317 |
| Insurance | 7,488 | 7,343 | 7,133 |
| Administration | 207,919 | 202,169 | 233,512 |
| Telecommunications | 19,260 | 18,994 | 18,186 |
| Meetings and conferences | 122,515 | 106,124 | 127,430 |
| Meals, travel and accommodations | 84,310 | 123,007 | 126,682 |
| Amortization of capital assets | 46,608 | 60,723 | 40,356 |
| | 115,555,260 | 125,892,514 | 113,412,734 |
| Excess of revenue over expenses | (36,742) | 65,580 | 84,069 |

See the accompanying Notes to these financial statements.

Canadian Research Knowledge Network

Notes to the summary financial statements

March 31, 2017

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 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 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:

| | 2017 | 2016 |
|---------------------------------------|---------------|---------------|
| | \$ | \$ |
| Balance, beginning of year | 91,358,217 | 78,869,747 |
| Contribution received during the year | 125,128,878 | 124,412,511 |
| Contribution recognized as revenue | (124,399,794) | (111,924,041) |
| Balance, end of year | 92,087,301 | 91,358,217 |

4. 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 & 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, 2017, the Board of Directors approved a transfer of \$32,039 (2016 - \$19,766) from internally restricted to unrestricted net assets to comply with the net assets policy and ensure sufficient funds for operational contingencies.

5. Commitments

CRKN has commitments for the rental of space through to March 31, 2022 and for the rental of office equipment through to January 2019. Minimum lease payments for the rental period are \$612,197 and \$27,725 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 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 \$167,432 CDN, £603,058 GB and \$77,823,834 U.S. At March 31, 2017, CRKN has a commitment for the purchase of \$14,590,737 U.S. (2016 - \$23,447,860 U.S.) and £Nil GB (2016 - £4,021 GB) through the use of forward contracts to settle license obligations on behalf of its membership.



CRKN  RCDR

Canadian Research Knowledge Network
Réseau canadien de documentation pour la recherche