

Labour Market Information Council



Financial Statements

For the year ended March 31, 2021

Labour Market Information Council
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For the year ended March 31, 2021

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Independent Auditor's Report

To the Members of the Labour Market Information Council

Opinion

We have audited the financial statements of the Labour Market Information Council (the "Council"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Labour Market Information Council as at March 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-profit Organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
September 16, 2021
Ottawa, Ontario

Labour Market Information Council Statement of Financial Position

March 31	2021	2020
Assets		
Current		
Cash (Note 2)	\$ 1,167,431	\$ 429,145
Prepaid expenses	41,863	90,819
Accounts receivable	65,574	65,047
	1,274,868	585,011
Restricted cash - contingency reserve	250,663	100,392
Capital assets (Note 3)	75,761	75,576
	\$ 1,601,292	\$ 760,979

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 278,529	\$ 207,763
Deferred contributions - operations (Note 4)	984,105	360,391
	1,262,634	568,154
Deferred contributions related to capital assets (Note 5)	75,761	75,576
Deferred contributions - contingency reserve (Note 6)	250,663	100,392
Deferred lease inducement (Note 7)	11,913	16,536
	1,600,971	760,658
Net assets	321	321
	\$ 1,601,292	\$ 760,979

Approved on behalf of the board of directors:

Bill Sene Director

Chris Repshi Director

Labour Market Information Council Statement of Operations and Changes in Net Assets

For the year ended March 31	2021	2020
Revenues		
Contributions	\$ 2,301,100	\$ 2,198,986
Interest revenue	-	50
	2,301,100	2,199,036
Expenditures		
Accounting and legal	31,103	22,804
Amortization	25,258	25,370
Bank charges and interest	1,525	1,899
Committee operations	16,918	59,459
Communications and advertising	7,795	17,049
Human resources	47,575	5,104
IT infrastructure	41,734	53,313
Insurance	9,420	6,599
LMIC review	-	37,086
Office	5,303	11,937
Professional fees related to Strategic Goals (Note 8)	573,707	658,046
Rent	91,694	97,344
Salaries and wages	1,435,424	1,134,446
Telephone	4,389	5,616
Translation and editing	8,653	26,220
Travel	21	24,850
Web design	581	11,844
	2,301,100	2,198,986
Excess of revenues over expenditures for the year	-	50
Net assets, beginning of year	321	271
Net assets, end of year	\$ 321	\$ 321

Labour Market Information Council Statement of Cash Flows

For the year ended March 31	2021	2020
Cash flows from (used in) operating activities		
Excess of revenues over expenditures for the year	\$ -	\$ 50
Adjustments for		
Amortization of capital assets	25,258	25,370
Amortization of deferred contributions related to tangible capital assets (Note 5)	(25,258)	(25,370)
Lease inducements received related to reduced rent benefits	1,143	13,907
Amortization of deferred lease inducement	(5,766)	(6,605)
	<u>(4,623)</u>	7,352
Change in non-cash working capital items		
Prepaid expenses	48,956	70,888
Accounts receivable	(527)	4,471
Accounts payable and accrued liabilities	70,766	54,537
Deferred contributions - operations	623,714	(27,660)
Deferred contributions - contingency reserve	150,271	50,392
	<u>888,557</u>	159,980
Cash flows from (used in) investing activity		
Capital asset additions	<u>(23,884)</u>	(4,044)
Cash flows from (used in) financing activity		
Contributions received related to the purchase of capital assets	<u>23,884</u>	4,044
Increase in cash during the year	888,557	159,980
Cash, beginning of year	<u>529,537</u>	<u>369,557</u>
Cash, end of year	\$ 1,418,094	\$ 529,537
Cash consists of:		
Cash	\$ 1,167,431	\$ 429,145
Restricted cash - contingency reserve	<u>250,663</u>	<u>100,392</u>
	\$ 1,418,094	\$ 529,537

Labour Market Information Council

Notes to the Financial Statements

March 31, 2021

1. Significant Accounting Policies

Nature of Organization	<p>The Labour Market Information Council, the "Council", is a not-for-profit entity incorporated in Canada under the Canada Not-for-profit Corporations Act on April 21, 2017. The Council is working to identify pan-Canadian priorities for the collection, analysis and distribution of labour market information. The Council helps ensure better value from existing labour market information investments across Canada and fosters the exploration of new opportunities for collaboration among governments and with stakeholders.</p> <p>The Council is exempt from income tax.</p>
Basis of Presentation	<p>The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations which are part of Canadian generally accepted accounting principles and include the following significant policies.</p>
Use of Estimates	<p>The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates and assumption are reviewed periodically and as adjustments become necessary, they are reported in the periods in which they become known.</p> <p>Significant estimates include assumptions used in estimating the useful lives and related amortization of tangible and intangible capital assets and provisions for accrued liabilities.</p>
Financial Instruments	<p>Financial instruments are financial assets or liabilities of the Council where, in general, the Council has the right to receive cash or another financial asset from another party or the Council has the obligation to pay another party cash or other financial assets.</p> <p><u>Measurement of financial instruments</u></p> <p>The Council initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions, if any, which are recorded at the exchange amount.</p>

Labour Market Information Council

Notes to the Financial Statements

March 31, 2021

1. Significant Accounting Policies (continued)

Financial Instruments (continued)

Measurement of financial instruments (continued)

The Council subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market which are measured at fair value. Changes in fair value are recognized in operations. Financial assets and liabilities measured at amortized cost include cash, accounts receivable, and accounts payable and accrued liabilities.

There are no financial assets or financial liabilities measured at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down, if any, is recognized in operations. The previously recognized impairment loss may be reversed, to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously and it does not exceed original cost. The amount of the reversal is recognized in operations.

Transaction costs

The Council recognizes its transaction costs in operations in the period incurred. However, the financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is based on the estimated useful life of the asset and is provided as follows:

Computer equipment	55%
Furniture and fixtures	20%
IT Server	30%

One-half the normal rate of amortization is recorded in the year of acquisition.

Labour Market Information Council Notes to the Financial Statements

March 31, 2021

1. Significant Accounting Policies (continued)

Revenue Recognition	The Council follows the deferral method of accounting for contributions. Under this method, contributions restricted for future fiscal year expenses are deferred and are recognized as revenue in the fiscal year in which the related expenses are incurred. Restricted contributions received for the purpose of acquiring capital assets are deferred and realized over the useful life of the related assets acquired.30195 Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
Deferred Lease Inducement	The lease inducement received relates to reduced rent benefits. The lease inducement has been aggregated with the required lease payments and are amortized to rent expense on a straight-line basis over the term of the lease resulting in a consistent expense over the lease term.

2. Cash

The Council's cash is held at a Canadian chartered bank and earns nominal interest.

3. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 45,267	\$ 24,886	\$ 20,381	\$ 4,301
Furniture and fixtures	75,567	31,667	43,900	54,875
IT Server	26,940	15,460	11,480	16,400
	\$ 147,774	\$ 72,013	\$ 75,761	\$ 75,576

Labour Market Information Council Notes to the Financial Statements

March 31, 2021

4. Deferred Contributions - Operations

Deferred contributions represent unused funding received from the Forum of Labour Market Ministers ("FLMM"), the Department of Employment and Social Development ("ESDC"), and Ryerson University - Future Skills Centre program ("FSC") which, as a result of external restrictions, are to fund the related expenses to be occurring in a subsequent fiscal year.

	FSC Funding 2021	FLMM Funding 2021	ESDC Funding 2021	Total 2021	Total 2020
Balance, beginning of year	\$ -	\$ 130,196	\$ 230,195	\$ 360,391	\$ 388,051
Received	858,017	1,041,539	1,100,000	2,999,556	2,145,956
Recognized	(197,618)	(1,039,112)	(1,039,112)	(2,275,842)	(2,173,616)
Transfer - see below	-	(100,000)	-	(100,000)	-
Balance, end of year	\$ 660,399	\$ 32,623	\$ 291,083	\$ 984,105	\$ 360,391

During the year, \$100,000 of the opening deferred revenue balance which was uncommitted was transferred to the deferred revenue contingency reserve as set out in Note 6 to these financial statements.

5. Deferred Contributions Related to Capital Assets

During the year, the Council obtained \$25,443 (2020 - \$4,044) to purchase capital assets which has been deferred and realized over the useful life of the related assets acquired.

	FSC Funding 2021	FLMM Funding 2021	Total 2021	Total 2020
Balance, beginning of year	\$ -	\$ 75,576	\$ 75,576	\$ 96,902
Received	16,983	8,460	25,443	4,044
Recognized	(4,671)	(20,587)	(25,258)	(25,370)
Balance, end of year	\$ 12,312	\$ 63,449	\$ 75,761	\$ 75,576

Revenue realized in the year has been included in contributions revenue as set out on the statement of operations.

Labour Market Information Council Notes to the Financial Statements

March 31, 2021

6. Deferred Contributions - Contingency Reserve

Funding

A portion of the funding received from FLMM during the year was restricted to increase the Contingency Reserve. The purpose of the Contingency Reserve is to build and maintain an adequate level of financial resources to cover the costs of the following circumstances, should they occur:

- a) Cover operating expenses in the event of delays in receiving funding;
- b) Recruit a new Executive Director in the unexpected event the Council is required to hire a new Executive Director;
- c) Cover costs of winding down the organization; and
- d) Cover other unanticipated expenses.

The Contingency Reserve was financed with an initial restricted contribution of \$50,000 in the 2019 fiscal year. The Contingency Reserve is to be funded at the end of each fiscal year with a budgeted contribution of \$50,000 and any uncommitted funds from that years' budget until the targeted amount of \$300,000 is reached, which represents the Council's estimates of the potential circumstances noted above. The balance of the Contingency Reserve shall not exceed \$300,000. Total contributions restricted to finance the Contingency Reserve in the year was \$150,000 (2020 - \$50,000).

Funding received in relation to the Contingency Reserve is maintained in a segregated high-interest savings account. Any interest accrued is to remain in the account and accumulate as part of the overall restricted funding of the Contingency Reserve, until the maximum balance has been established.

When the Contingency Reserve has reached the targeted amount, any uncommitted funds that accrue at the end of each fiscal year will be returned or deferred as per the established funding agreements. Interest in the Contingency Reserve account that accrues once the targeted amount is reached will be transferred to the Council's general operating accounts.

At the end of each fiscal year, the Executive Director will submit a report to the Audit Committee to approve the funds to be transferred to the Contingency Reserve. This report will include any requests to access the funds from the Contingency Reserve in the following fiscal year with information on the amounts required for operational commitments that will require short-term financing.

Repayment

The Council will replenish the Contingency Reserve within the same fiscal year equal to the amounts used that pertain to covering operating expenses and other unanticipated costs.

In the event that the Council uses the Contingency Reserve to cover the cost of hiring a new Executive Director, the amount required will be added to the budget for the following fiscal year as a repayment into the Contingency Reserve.

In the event of a wind down, any restricted contributions remaining upon liquidation of the Council's assets, will be returned to the funders.

Labour Market Information Council Notes to the Financial Statements

March 31, 2021

6. Deferred Contributions - Contingency Reserve (continued)

	2021	2020
Balance, beginning of year	\$ 100,392	\$ 50,000
Contributions received during the year	50,000	50,000
Transfer of uncommitted funds	100,000	-
Interest income earned	271	392
	\$ 250,663	\$ 100,392

7. Deferred Lease Inducement

During the 2019 fiscal year, the Council entered into a lease agreement for new office premises. As part of the agreement, the Council received 521 square feet of rent free space in the first year under the lease and will receive 446 square feet of rent free space in the second year of the lease. The total value of the rent free benefit over the two years is approximately \$29,750. Rent expense was recorded for this year at the average monthly rate in order to reflect the economic substance of the incentive. The resulting deferred inducement will be amortized over the 5 year term of the lease as set out below, reducing the rent expense of future periods below the payments required set out in Note 9 to these financial statements.

	2021	2020
Balance, beginning of year	\$ 16,536	\$ 9,234
Lease inducement received in the year	1,143	13,907
Amortization for the year	(5,766)	(6,605)
	\$ 11,913	\$ 16,536

8. Professional Fees Related to Strategic Goals

The Council incurred the following expenses related to professional fees in order to undertake activities related to its three Strategic Goals of Collect, Analyze and Distribute:

	2021	2020
Collect	\$ 145,835	\$ 248,424
Analyze	110,899	148,859
Distribute	316,973	260,763
	\$ 573,707	\$ 658,046

Labour Market Information Council Notes to the Financial Statements

March 31, 2021

9. Commitments

The Council has an operating lease agreement for its office premises which began May 1, 2018 and ends April 30, 2023. The annual lease payments required for the remainder of the lease term, which includes an estimate for the Council's proportionate share of operating costs and taxes, are as follows:

2022	\$	98,573
2023		98,573
2024		<u>8,214</u>
	\$	<u>205,360</u>

The Council has an option to extend this lease agreement for an additional five years, under the same terms and conditions of the current lease, with the exception that there will be no additional leasehold improvements and annual rent will be determined at the fair market rent at the time of renewal.

As part of the lease agreement, there is an option to terminate the lease and the estimated termination cost at the end of each fiscal year over the term of the lease is as follows:

2022	\$	7,788
2023		4,211
2024		337

10. Economic Dependence

The Council receives the majority of its revenue through two funding agreements of equal amounts with the FLMM and ESDC. The Council's continued operations are dependent on these funding agreements and on satisfying the terms of the agreements.

11. Financial Instruments Risks and Concentrations

The Council is exposed to various risks through its financial instruments. The following analysis provides a measure of the Council's risk exposure and concentrations as at March 31, 2021.

The Council is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Council's main credit risks relate to its accounts receivable.

Labour Market Information Council Notes to the Financial Statements

March 31, 2021

11. Financial Instruments Risks and Concentrations (continued)

Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting its obligations associated with financial liabilities. The Council is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and its deferred revenue.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Council operates primarily in Canadian currency and thus not exposed to this risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Council has limited exposure to interest rate risk due to its cash.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Council is not exposed to significant other price risk.

Changes in risk

There have been no significant changes in the Council's risk exposures from the prior year.

Labour Market Information Council Notes to the Financial Statements

March 31, 2021

12. Uncertainty due to COVID-19

The duration and full financial impact of the COVID-19 pandemic is unknown at this time, as are any additional measures to be taken by governments, the Council or others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of this pandemic is subject to significant uncertainty and accordingly it is unknown whether COVID-19 may materially and adversely impact the Council's operations, financial results and condition in future periods.

**Labour Market Information Council
Schedule 1 - Statement of Operations by Program**

For the year ended March 31, 2021	Operating - FLMM & ESDC	Future Skills Centre - Ryerson	Total
Contributions	\$ 2,098,810	\$ 202,290	\$ 2,301,100
Expenditures			
Accounting and legal	26,103	5,000	31,103
Amortization	20,587	4,671	25,258
Bank charges and interest	1,468	57	1,525
Committee operations	16,918	-	16,918
Communications and advertising	7,795	-	7,795
Human resources	47,111	464	47,575
IT infrastructure	25,443	16,291	41,734
Insurance	9,420	-	9,420
Office	3,855	1,448	5,303
Professional fees related to Strategic Goals	546,245	27,462	573,707
Rent	91,694	-	91,694
Salaries and wages	1,288,527	146,897	1,435,424
Telephone	4,389	-	4,389
Translation and editing	8,653	-	8,653
Travel	21	-	21
Web design	581	-	581
	2,098,810	202,290	2,301,100
Excess of revenues over expenditures	\$ -	\$ -	-