

Labour Market Information Council



Financial Statements

For the year ended March 31, 2023

Labour Market Information Council
Financial Statements
For the year ended March 31, 2023

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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, 2023, 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, 2023 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.

Labour Market Information Council Statement of Financial Position

March 31	2023	2022
Assets		
Current		
Cash (Note 2)	\$ 1,105,689	\$ 1,435,137
Prepaid expenses	120,634	191,492
Accounts receivable	149,673	113,903
	1,375,996	1,740,532
Restricted cash - contingency reserve	183,381	1,118
Capital assets (Note 3)	51,885	55,102
	\$ 1,611,262	\$ 1,796,752

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 297,296	\$ 283,661
Deferred contributions - operations (Note 4)	1,077,902	1,450,355
	1,375,198	1,734,016
Deferred contributions related to capital assets (Note 5)	51,885	55,102
Deferred contributions - contingency reserve (Note 6)	183,381	1,118
Deferred lease inducement (Note 7)	477	6,195
	1,610,941	1,796,431
Net assets	321	321
	\$ 1,611,262	\$ 1,796,752

Approved on behalf of the board of directors:

_____ Director

_____ Director

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

For the year ended March 31	2023	2022
Revenues		
Contributions	\$ 3,976,007	\$ 3,356,913
Expenditures		
Accounting and legal	45,417	33,048
Amortization of capital assets	20,856	24,487
Bank charges and interest	4,489	1,402
Committee operations	71,115	46,208
Communications and advertising	47,617	24,604
Human resources	79,315	58,840
IT infrastructure	237,554	361,141
Insurance	14,962	4,301
Office	2,052	4,350
Professional fees related to Strategic Goals	1,440,264	757,007
Rent	90,699	96,053
Salaries and wages	1,872,251	1,912,783
Telephone	3,764	3,918
Translation and editing	20,908	22,347
Travel	22,558	6,048
Web design	2,186	376
	3,976,007	3,356,913
Excess of revenues over expenditures for the year	-	-
Net assets, beginning of year	321	321
Net assets, end of year	\$ 321	\$ 321

Labour Market Information Council Statement of Cash Flows

For the year ended March 31	2023	2022
Cash flows from (used in) operating activities		
Excess of revenues over expenditures for the year	\$ -	\$ -
Adjustments for		
Amortization of capital assets	20,856	24,487
Amortization of deferred contributions related to tangible capital assets (Note 5)	(20,856)	(24,487)
Amortization of deferred lease inducement	(5,718)	(5,718)
	<u>(5,718)</u>	<u>(5,718)</u>
Change in non-cash working capital items		
Prepaid expenses	70,858	(149,629)
Accounts receivable	(35,770)	(48,329)
Accounts payable and accrued liabilities	13,634	5,132
Deferred contributions - operations	(372,453)	466,250
Deferred contributions - contingency reserve	182,264	(249,545)
	<u>(147,185)</u>	<u>18,161</u>
Cash flows from (used in) investing activity		
Capital asset additions	<u>(17,639)</u>	<u>(3,828)</u>
Cash flows from (used in) financing activity		
Contributions received related to the purchase of capital assets	<u>17,639</u>	<u>3,828</u>
Increase (decrease) in cash during the year	(147,185)	18,161
Cash, beginning of year	<u>1,436,255</u>	<u>1,418,094</u>
Cash, end of year	<u>\$ 1,289,070</u>	<u>\$ 1,436,255</u>
Cash consists of:		
Cash	\$ 1,105,689	\$ 1,435,137
Restricted cash - contingency reserve	<u>183,381</u>	<u>1,118</u>
	<u>\$ 1,289,070</u>	<u>\$ 1,436,255</u>

Labour Market Information Council

Notes to the Financial Statements

March 31, 2023

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>

Labour Market Information Council Notes to the Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Financial Instruments (continued)

Measurement of financial instruments

The Council initially measures its arm's length financial assets and liabilities at fair value.

The Council subsequently measures all its arm's length financial assets and liabilities at amortized cost, except for investments in equity instruments, if any, that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations.

Arm's length financial assets measured at amortized cost include cash and accounts receivable. Arm's length financial liabilities measured at amortized cost include accounts payable and accrued liabilities. The Council has no arm's length financial assets or liabilities measured at fair value.

The Council has no related party financial assets or financial liabilities.

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.

Labour Market Information Council Notes to the Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

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.

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. 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. The Council has available an undrawn operating line of credit with Royal Bank of Canada in the amount of \$150,000 at an interest rate of the bank's prime rate plus 1.50%. This line of credit is secured by a general security agreement providing the bank first charge on its personal property. In addition, the Council has credit facilities in the form of corporate credit cards for an available amount of \$25,000. At March 31, 2023, \$3,792 (2022 - \$2,721) of these facilities was used and included in accounts payable and accrued liabilities.

Labour Market Information Council Notes to the Financial Statements

March 31, 2023

3. Capital Assets

	2023			2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 66,734	\$ 48,570	\$ 18,164	\$ 11,946
Furniture and fixtures	75,567	47,471	28,096	35,120
IT Server	26,940	21,315	5,625	8,036
	\$ 169,241	\$ 117,356	\$ 51,885	\$ 55,102

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 2023	FLMM Funding 2023	ESDC Funding 2023	Total 2023	Total 2022
Balance, beginning of year	\$ 1,072,678	\$ 182,696	\$ 194,981	\$ 1,450,355	\$ 984,105
Received	1,327,954	1,216,438	1,218,849	3,763,241	3,548,672
Recognized	(1,608,694)	(1,173,229)	(1,173,229)	(3,955,152)	(3,332,426)
Transfer	-	(180,542)	-	(180,542)	250,004
Balance, end of year	\$ 791,938	\$ 45,363	\$ 240,601	\$ 1,077,902	\$ 1,450,355

During the year, \$180,542 of deferred contribution balance was transferred to the deferred contributions - contingency reserve.

Labour Market Information Council Notes to the Financial Statements

March 31, 2023

5. Deferred Contributions Related to Capital Assets

During the year, the Council obtained \$17,639 (2022 - \$3,828) to purchase capital assets which has been deferred and realized over the useful life of the related assets acquired.

	FSC Funding 2023	FLMM Funding 2023	Total 2023	Total 2022
Balance, beginning of year	\$ 7,641	\$ 47,461	\$ 55,102	\$ 75,761
Received	15,227	2,412	17,639	3,828
Recognized	(7,235)	(13,621)	(20,856)	(24,487)
Balance, end of year	<u>\$ 15,633</u>	<u>\$ 36,252</u>	<u>\$ 51,885</u>	<u>\$ 55,102</u>

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

6. Deferred Contributions - Contingency Reserve

Funding

A portion of the funding received from FLMM over the years 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 \$1,720 (2022 - \$Nil).

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.

Labour Market Information Council Notes to the Financial Statements

March 31, 2023

6. Deferred Contributions - Contingency Reserve (continued)

Funding (continued)

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.

	2023	2022
Balance, beginning of year	\$ 1,118	\$ 250,663
Transfer from (to) uncommitted funds	180,542	(250,004)
Interest income earned	1,721	459
	\$ 183,381	\$ 1,118

Labour Market Information Council Notes to the Financial Statements

March 31, 2023

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.

	2023	2022
Balance, beginning of year	\$ 6,195	\$ 11,913
Amortization for the year	(5,718)	(5,718)
Balance, end of year	\$ 477	\$ 6,195

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 Guide, Enhance and Champion:

	2023	2022
Guide	\$ 1,049,016	\$ 299,069
Enhance	83,733	88,326
Champion	307,514	369,612
	\$ 1,440,263	\$ 757,007

9. Commitments

The Council has an operating lease agreement for its office premises which began May 1, 2018 and has been extended to December 31, 2023. Subsequent to year-end, the Council signed a lease agreement for new office premises with a term ending May 31, 2029. The annual lease payments required for the remainder of the lease terms, which includes an estimate for the Council's proportionate share of operating costs and taxes, are as follows:

Labour Market Information Council Notes to the Financial Statements

March 31, 2023

9. Commitments (continued)

2024	\$	45,072
2025		42,800
2026		52,693
2027		53,627
2028		54,760
Subsequent years		<u>65,320</u>
	\$	<u>314,272</u>

10. 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, 2023.

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.

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.

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.

Labour Market Information Council Notes to the Financial Statements

March 31, 2023

10. Financial Instruments Risks and Concentrations (continued)

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 Schedule 1 - Statement of Operations by Program

For the year ended March 31, 2023	Operating - FLMM & ESDC	Future Skills Centre - Ryerson	Total
Contributions	\$ 2,360,079	\$ 1,615,928	\$ 3,976,007
Expenditures			
Accounting and legal	23,422	21,995	45,417
Amortization	13,621	7,235	20,856
Bank charges and interest	4,266	223	4,489
Committee operations	71,115	-	71,115
Communications and advertising	37,087	10,530	47,617
Human resources	77,833	1,482	79,315
IT infrastructure	40,371	197,183	237,554
Insurance	14,962	-	14,962
Office	694	1,358	2,052
Professional fees related to Strategic Goals	621,302	818,962	1,440,264
Rent	90,699	-	90,699
Salaries and wages	1,324,971	547,280	1,872,251
Telephone	3,764	-	3,764
Translation and editing	20,908	-	20,908
Travel	12,878	9,680	22,558
Web design	2,186	-	2,186
	<u>2,360,079</u>	<u>1,615,928</u>	<u>3,976,007</u>
Excess of revenues over expenditures	\$ -	\$ -	\$ -