

Labour Market Information Council



Financial Statements

For the year ended March 31, 2024

Labour Market Information Council
Financial Statements
For the year ended March 31, 2024

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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, 2024, 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, 2024 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
October 24, 2024
Ottawa, Ontario

Labour Market Information Council Statement of Financial Position

March 31 **2024** **2023**

Assets

Current

Cash (Note 2)	\$	584,451	\$	1,105,689
Contributions receivable		194,763		-
GST/HST receivable		225,154		149,673
Other receivables		50,750		-
Prepaid expenses		29,503		120,634
		1,084,621		1,375,996
Restricted cash - contingency reserve		122,371		183,381
Capital assets (Note 3)		84,428		51,885
		\$ 1,291,420		\$ 1,611,262

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$	166,053	\$	297,296
Deferred contributions - operations (Note 4)		863,034		1,077,902
		1,029,087		1,375,198
Deferred contributions related to capital assets (Note 5)		84,428		51,885
Deferred contributions - contingency reserve (Note 6)		122,371		183,381
Deferred lease inducement (Note 7)		55,213		477
		1,291,099		1,610,941
Net assets		321		321
		\$ 1,291,420		\$ 1,611,262

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	2024	2023
Revenues		
Contributions	\$ 3,015,052	\$ 3,976,007
Expenditures		
Accounting and legal	80,908	45,417
Amortization of capital assets	18,148	20,856
Bank charges and interest	1,917	4,489
Board and committee operations	24,542	71,115
Communications and advertising	43,701	46,916
Human resources	88,812	79,315
IT infrastructure	129,496	237,554
Insurance	10,823	14,962
Office	9,530	2,051
Professional fees related to Strategic Goals (Note 8)	428,692	1,440,264
Strategic Planning	52,410	-
Rent	65,413	90,699
Salaries and wages	1,988,973	1,872,251
Telephone	1,763	3,764
Translation and editing	44,744	21,610
Travel	25,177	22,558
Web design	3	2,186
	3,015,052	3,976,007
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	2024	2023
Cash flows from (used in) operating activities		
Excess of revenues over expenditures for the year	\$ -	\$ -
Adjustments for		
Amortization of capital assets	18,148	20,856
Amortization of deferred contributions related to tangible capital assets	(18,148)	(20,856)
Amortization of deferred lease inducement	(3,551)	(5,718)
	(3,551)	(5,718)
Change in non-cash working capital items		
Contributions receivable	(194,763)	-
GST/HST receivable	(75,481)	(35,770)
Other receivables	(50,750)	-
Prepaid expenses	91,131	70,858
Accounts payable and accrued liabilities	(131,243)	13,634
Deferred contributions - operations	(214,868)	(372,453)
Deferred contributions - contingency reserve	(61,010)	182,264
	(640,535)	(147,185)
Cash flows from (used in) investing activity		
Capital asset additions	(19,852)	(17,639)
Cash flows from (used in) financing activities		
Contributions received related to the purchase of capital assets	19,852	17,639
Deferred lease inducement	58,287	-
	78,139	17,639
Decrease in cash during the year	(582,248)	(147,185)
Cash, beginning of year	1,289,070	1,436,255
Cash, end of year	\$ 706,822	\$ 1,289,070
Cash consists of:		
Cash	\$ 584,451	\$ 1,105,689
Restricted cash - contingency reserve	122,371	183,381
	\$ 706,822	\$ 1,289,070

Labour Market Information Council

Notes to the Financial Statements

March 31, 2024

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 arm's length financial assets and liabilities at fair value.</p>

Labour Market Information Council

Notes to the Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

Financial Instruments (continued)

Measurement of financial instruments (continued)

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, contributions receivable and other 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.

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%

Amortization of leasehold improvements is recorded over the remaining term of the lease.

Labour Market Information Council Notes to the Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

Capital Assets (continued) 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 and leasehold improvements. 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, 2024 \$6,194 (2023 - \$3,792) of these facilities was used and included in accounts payable and accrued liabilities.

3. Capital Assets

	2024			2023	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Furniture and fixtures	\$ 39,234	\$ 11,835	\$ 27,399	\$	28,096
Computer equipment	68,417	59,062	9,355	18,164	
IT Server	-	-	-	5,625	
Leasehold improvements	50,750	3,076	47,674	-	
	\$ 158,401	\$ 73,973	\$ 84,428	\$	51,885

Labour Market Information Council Notes to the Financial Statements

March 31, 2024

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 2024	FLMM Funding 2024	ESDC Funding 2024	Total 2024	Total 2023
Balance, beginning of year	\$ 791,938	\$ 45,363	\$ 240,601	\$ 1,077,902	\$ 1,450,355
Received / receivable	307,345	1,144,398	1,265,000	2,716,742	3,763,241
Recognized	(1,099,283)	(948,811)	(948,811)	(2,996,905)	(3,955,152)
Transfer	-	65,295	-	65,295	(180,542)
Balance, end of year	\$ -	\$ 306,245	\$ 556,790	\$ 863,034	\$ 1,077,902

During the year, \$65,295 of deferred contribution balance was transferred out of the deferred contributions - contingency reserve.

5. Deferred Contributions Related to Capital Assets

During the year, the Council obtained \$70,602 (2023 - \$17,639) to purchase capital assets which has been deferred and realized over the useful life of the related assets acquired.

	FSC Funding 2024	FLMM Funding 2024	Total 2024	Total 2023
Balance, beginning of year	\$ 15,633	\$ 36,252	\$ 51,885	\$ 55,102
Received	-	70,602	70,602	17,639
Disposals	(5,624)	(14,287)	(19,911)	-
Recognized	(4,579)	(13,569)	(18,148)	(20,856)
Balance, end of year	\$ 5,430	\$ 78,998	\$ 84,428	\$ 51,885

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, 2024

5. Deferred Contributions Related to Capital Assets (continued)

During the year, the \$19,911 of capital assets were disposed of as no longer in use. The assets were originally purchased in 2018.

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 year's 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 \$4,285 (2023 - \$1,720).

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.

Labour Market Information Council Notes to the Financial Statements

March 31, 2024

6. Deferred Contributions - Contingency Reserve (continued)

Repayment (continued)

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.

	2024	2023
Balance, beginning of year	\$ 183,381	\$ 1,118
Transfer from (to) uncommitted funds	(65,295)	180,542
Interest income earned	4,285	1,721
Balance, end of year	\$ 122,371	\$ 183,381

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 was amortized over the 5 year term of the lease, reducing the rent expense of future periods.

In 2023, the Council entered into a lease agreement for new office premises. As part of the agreement, the Council received a six month rent-free period from December 1, 2023 to May 31, 2024. Rent expense was recorded during this period at the average monthly rate in order to reflect the economic substance of the incentive. The resulting deferred inducement is being amortized over the term of the lease, reducing the rent expense of future periods. The Council recorded tenant inducements related to free rent of \$7,539 in 2024. The Council also received tenant inducements of \$50,749 in 2024 in leasehold improvements.

	2024	2023
Balance, beginning of year	\$ 477	\$ 6,195
Lease inducement received in the year	58,287	-
Amortization for the year	(3,551)	(5,718)
Balance, end of year	\$ 55,213	\$ 477

Labour Market Information Council Notes to the Financial Statements

March 31, 2024

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 Strategic Goals:

	<u>2024</u>	<u>2023</u>
Guide	\$ 87,655	\$ 1,049,016
Enhance	16,329	83,733
Champion	<u>324,708</u>	<u>307,515</u>
	<u>\$ 428,692</u>	<u>\$ 1,440,264</u>

9. Commitments

In the year, the Council signed a lease agreement for new office premises at 350 Sparks Street which began December 2023 and will continue until 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:

2025	\$ 42,800
2026	52,694
2027	53,626
2028	54,760
2029	55,960
Subsequent years	<u>9,360</u>
	<u>\$ 269,200</u>

As part of the 350 Sparks Street lease agreement, there is an option to terminate the lease at an estimated termination cost of \$10,825.

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, 2024.

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.

Labour Market Information Council Notes to the Financial Statements

March 31, 2024

10. Financial Instruments Risks and Concentrations (continued)

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 contributions receivable, other receivables and GST/HST 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.

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, 2024

11. Corresponding Amounts

In certain instances, 2023 fiscal year corresponding amounts and financial disclosures presented have been reclassified to conform with the financial statement presentation and financial disclosures adopted for fiscal 2024.

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

For the year ended March 31, 2024	Operating - FLMM & ESDC	Future Skills Centre - Ryerson	Total
Contributions			
Contributions	\$ 1,911,190	\$ 1,103,862	\$ 3,015,052
Expenditures			
Accounting and legal	80,908	-	80,908
Amortization	13,569	4,579	18,148
Bank charges and interest	1,672	245	1,917
Board and committee operations	24,542	-	24,542
Communications and advertising	43,701	-	43,701
Human resources	88,790	22	88,812
IT infrastructure	50,356	79,140	129,496
Insurance	10,823	-	10,823
Office	9,530	-	9,530
Professional fees related to Strategic Goals	128,617	300,075	428,692
Strategic Planning	52,410	-	52,410
Rent	65,413	-	65,413
Salaries and wages	1,275,179	713,794	1,988,973
Telephone	1,763	-	1,763
Translation and editing	44,744	-	44,744
Travel	19,170	6,007	25,177
Web design	3	-	3
	<u>1,911,190</u>	<u>1,103,862</u>	<u>3,015,052</u>
Excess of revenues over expenditures	\$ -	\$ -	\$ -