
Independent Auditors' Report

To The Members Of The Special Needs Employment Services Inc.

We have audited the accompanying financial statements of **The Special Needs Employment Services Inc.**, which comprise the statement of financial position as at March 31, 2014 and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

**Independent Auditor's
Report cont'd....**

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **The Special Needs Employment Services Inc.** as at March 31, 2013, and the results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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**Sarnia, Ontario
May 16, 2014**

**Chartered Accountants
Licensed Public Accountants**

The Special Needs Employment Services Inc.
Statement Of Operations
For The Year Ended March 31, 2014

	2014	2013
Revenue		
MTCU Funding	\$ 1,120,766	\$ 1,107,975
Program	91,814	85,488
Fundraising	6,629	2,671
Interest	2,530	1,693
Amortization of deferred capital contributions	<u>4,699</u>	<u>6,465</u>
	<u>1,226,438</u>	<u>1,204,292</u>
Expenditures		
Advertising	28,862	35,322
Amortization	5,141	7,097
Insurance	4,653	4,415
Miscellaneous	14,473	12,129
Office materials and supplies	50,006	52,147
Professional fees	8,783	6,024
Rent	87,549	90,045
Salaries and benefits	909,462	848,139
Staff training and development	8,551	8,950
Technical support	37,991	36,250
Transportation and travel	5,996	8,104
Utilities	28,244	29,455
Supports for individuals	<u>5,386</u>	<u>7,243</u>
	<u>1,195,097</u>	<u>1,145,320</u>
Excess Of Revenue Over Expenditures	<u>\$ 31,341</u>	<u>\$ 58,972</u>

The Special Needs Employment Services Inc.
Statement Of Changes in Net Assets
For The Year Ended March 31, 2014

	2014	2013
Balance, Beginning	\$ 277,095	\$ 219,626
Excess of Revenue Over Expenditures	<u>31,341</u>	<u>58,972</u>
	308,436	278,598
Repayment of Prior Years ODSP Funding	<u>(8,925)</u>	<u>(1,503)</u>
Balance, Ending	<u>\$ 299,511</u>	<u>\$ 277,095</u>

The Special Needs Employment Services Inc.
Statement of Financial Position
March 31, 2014

2014

Assets

Current Assets

Cash and short-term investments	\$ 298,825	\$ 258,972
Accounts receivable	12,700	18,354
Prepaid expenses	<u>6,176</u>	<u>6,010</u>
	317,701	283,336

Property, Plant And Equipment (note 2)	<u>14,308</u>	<u>19,449</u>
	\$ <u>332,009</u>	\$ <u>302,785</u>

Liabilities

Current Liabilities

Accounts payable and accrued liabilities	\$ 19,224	\$ 7,717
Deferred Capital Contribution	<u>13,274</u>	<u>17,973</u>
	<u>32,498</u>	<u>25,690</u>

Net Assets	<u>299,511</u>	<u>277,095</u>
	\$ <u>332,009</u>	\$ <u>302,785</u>

On Behalf Of The Board

_____ Directors

The Special Needs Employment Services Inc.
Statement Of Cash Flows
For The Year Ended March 31, 2014

	2014	2013
Cash Provided By (Used For)		
Operating Activities		
Excess of revenue over expenditures	\$ 31,341	\$ 58,972
Items not requiring cash:		
Repayment of prior year MTCU funding	-	-
Repayment of prior years ODSP funding	(8,925)	(1,503)
Amortization of deferred capital contributions	(4,699)	(6,465)
Amortization	<u>5,141</u>	<u>7,097</u>
	22,858	58,101
Net change in non-cash working capital items affecting operations:		
Accounts receivable	5,654	(4,640)
Prepaid expenses	(166)	(154)
Accounts payable and accrued liabilities	11,507	987
	<u>39,853</u>	<u>54,294</u>
Increase In Cash	39,853	54,294
Cash Position and Short-Term Investments, Beginning	<u>258,972</u>	<u>204,678</u>
Cash Position and Short-Term Investments, Ending	<u>\$ 298,825</u>	<u>\$ 258,972</u>

Supplementary Cash Flow Information:

Cash	\$ 96,290	\$ 58,972
Short-Term Investments	<u>202,535</u>	<u>200,000</u>
	<u>\$ 298,825</u>	<u>\$ 258,972</u>

The Special Needs Employment Services Inc.
Notes To Financial Statements
March 31, 2014

Nature of Activities

The Special Needs Employment Service Inc. is incorporated under the Business Corporation Act of the Province of Ontario as a corporation without share capital. It has exempt status from income taxes as a registered charity and is classified as a charitable organization under Sections 149 and 149.1 of the Income Tax Act, Canada.

It operates under contracts with the Ministry of Training, Colleges and Universities ("MTCU") and the Ministry of Community and Social Services ("MCSS") with the following general objectives:

To provide employment service to persons residing in Lambton County to assist them in identifying and overcoming barriers to employment in the areas of Career Planning, Job Search, Job Placement, and Job Maintenance;

To honour a commitment to diversity by providing supportive services inclusive for persons with disabilities and ensure that our employment services are responsive equally to the needs of all clients.

To liaise with municipal, provincial, federal and other funding sources where mutual clients are involved.

1. Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

Revenue from grants is recognized as earned in accordance with the terms and conditions of the grant. Amounts received and unearned are reflected on the balance sheet as deferred revenue.

The contracts with MCSS and MTCU provide that any surplus funds arising from the conduct of the contracts may be repayable to the Ministry at its request. On request, the Ministry may allow all or part of the surplus to be expended on equipment or special projects. Any amounts paid, for a prior year, are reflected through the Statement of Net Assets.

Deferred capital contributions represent the amount of funding specifically used to purchase property, plant and equipment. The deferred capital contributions are amortized using the same rates and methods as the corresponding asset.

Investment income earned is recognized as revenue of the appropriate program.

The Special Needs Employment Services Inc.
Notes To Financial Statements
March 31, 2014

1. Significant Accounting Policies cont'd...

Income Taxes

The Special Needs Employment Service Inc. is exempt from the payment of income taxes under Section 149 (1)(l) of the Income Tax Act.

Financial Instruments

The Special Needs Employment Service Inc. measures its financial instruments at fair value.

The Special Needs Employment Service Inc. subsequently measures all its financial instruments at amortized cost.

Financial instruments measured at amortized cost include cash, short term investments, accounts receivables, MTCU receivables, accounts payable and accrued liabilities.

Financial assets measured at amortized cost are tested for impairment at the end of each year, and the amount of any write-down, if any, is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement and the amount of reversal is recognized in net income. The reversal may be recorded provided it is no greater than the amount that has previously been reported as a reduction in the asset and it does not exceed original cost.

Property, Plant And Equipment

Amortization of property, plant and equipment is calculated using the following annual rates and methods:

Computer hardware	30-45% diminishing-balance
Computer software	100% straight-line
Furniture and equipment	20% diminishing-balance
Leasehold improvements	20% straight-line

Use Of Estimates

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

The Special Needs Employment Services Inc.
Notes To Financial Statements
March 31, 2014

2. Property, Plant And Equipment

			2014	2013
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer hardware	\$ 72,249	\$ 58,123	\$ 14,126	\$ 12,517
Computer software	52,251	52,251	-	-
Furniture and equipment	<u>68,147</u>	<u>67,965</u>	<u>182</u>	<u>6,932</u>
	<u>\$ 192,647</u>	<u>\$ 178,339</u>	<u>\$ 14,308</u>	<u>\$ 19,449</u>

3. Commitment

Under the terms of operating leases for building rent, which expire in December 2015 and March 2016, the organization is committed to minimum lease payments of \$151,715.

2015	\$ 82,952
2016	<u>68,763</u>
	<u>\$ 151,715</u>

4. Risk Assessment

Credit Risk

The organization is exposed to credit risk from the potential that a counter party will fail to perform its obligations.

Interest and Currency Risk

It is management's opinion that the organization is not exposed to significant interest or currency risks arising from these financial instruments.

There have been no changes to risk exposures from the prior year.