
Independent Auditor's Report

To The Directors Of The Special Needs Employment Services Inc.

Opinion

We have audited the financial statements of The Special Needs Employment Services Inc. (the Organization), which comprise the statement of financial position as at March 31, 2019 and the statements of operations, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and its 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.

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

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 Organization'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 Organization'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 Organization 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.

A handwritten signature in black ink that reads "Baker Tilly Sarnia LLP".

**Sarnia, Ontario
May 23, 2019**

**Chartered Professional Accountants
Licensed Public Accountants**

The Special Needs Employment Services Inc.
Statement Of Operations
For The Year Ended March 31, 2019

	2019	2018
Revenue		
MAESD \ MTCU Funding	\$ 569,948	\$ 569,948
Program	118,038	43,388
Fundraising	13,512	5,155
Interest	3,477	2,704
Amortization of deferred capital contributions	963	1,375
Networking Day	12,336	5,732
SPHERE	284	-
	<u>718,558</u>	<u>628,302</u>
Expenditures		
Advertising	10,688	8,799
Amortization	1,032	1,472
Board & administrative expense	17,393	2,286
Community outreach	6,845	1,463
Insurance	3,807	3,640
Miscellaneous	6,495	6,928
Office materials and supplies	15,026	17,015
Professional fees	9,495	16,883
Rent	64,823	62,446
Salaries and benefits	435,779	424,401
Staff training and development	4,405	4,280
Technical support	28,310	23,443
Transportation and travel	760	3,783
Utilities and telephone	8,067	8,030
Networking Day	6,997	4,524
Supports for individuals	5,334	3,597
	<u>625,256</u>	<u>592,990</u>
Excess Of Revenue Over Expenditures	\$ <u>93,302</u>	\$ <u>35,312</u>

The Special Needs Employment Services Inc.
Statement Of Changes in Net Assets
For The Year Ended March 31, 2019

	<u>2019</u>	<u>2018</u>
Balance, Beginning	\$ 273,074	\$ 237,819
Excess of Revenue Over Expenditures	<u>93,302</u>	<u>35,312</u>
	366,376	273,131
Recovery of Prior Years ODSP Funding	<u>-</u>	<u>(57)</u>
Balance, Ending	<u>\$ 366,376</u>	<u>\$ 273,074</u>

The Special Needs Employment Services Inc.
Statement of Financial Position
March 31, 2019

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash and short-term investments	\$ 361,557	\$ 271,893
Accounts receivable	10,379	8,770
Prepaid expenses	<u>10,583</u>	<u>5,467</u>
	382,519	286,130
Property, plant and equipment (note 2)	<u>2,434</u>	<u>3,466</u>
	<u>\$ 384,953</u>	<u>\$ 289,596</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 16,331	\$ 13,313
Deferred capital contribution	<u>2,246</u>	<u>3,209</u>
	18,577	16,522
Net Assets	<u>366,376</u>	<u>273,074</u>
	<u>\$ 384,953</u>	<u>\$ 289,596</u>

Commitments (note 3)

On Behalf Of The Board

Directors

The Special Needs Employment Services Inc.
Statement Of Cash Flows
For The Year Ended March 31, 2019

	<u>2019</u>	<u>2018</u>
Cash Provided By (Used For)		
Operating Activities		
Excess of revenue over expenditures	\$ 93,302	\$ 35,312
Items not requiring cash:		
Repayment of prior years ODSP funding	-	(57)
Amortization of deferred capital contributions	(963)	(1,375)
Amortization	<u>1,032</u>	<u>1,472</u>
	<u>93,371</u>	<u>35,352</u>
Net change in non-cash working capital items affecting operations:		
Accounts receivable	(1,609)	(370)
Prepaid expenses	(5,116)	773
Accounts payable and accrued liabilities	<u>3,018</u>	<u>8,260</u>
	<u>89,664</u>	<u>44,015</u>
Increase In Cash	89,664	44,015
Cash Position and Short-Term Investments, Beginning	<u>271,893</u>	<u>227,878</u>
Cash Position and Short-Term Investments, Ending	<u>\$ 361,557</u>	<u>\$ 271,893</u>
 Supplementary Cash Flow Information:		
Cash	\$ 95,272	\$ 71,003
Short-term investments	<u>266,285</u>	<u>200,890</u>
	<u>\$ 361,557</u>	<u>\$ 271,893</u>

The Special Needs Employment Services Inc.
Notes To Financial Statements
March 31, 2019

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 Advanced Education and Skills Development (MAESD)/ Ministry of Training and 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 over coming 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.

Investments

The Special Needs Employment Services Inc. records investments at cost and realizes income as it is earned.

Fund Accounting

The organization's financial statements are prepared on a restricted fund accounting basis.

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

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 MAESD/MTCU provide that any surplus funds arising from the conduct of the contracts maybe 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.

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The Special Needs Employment Services Inc.
Notes To Financial Statements
March 31, 2019

1. Significant Accounting Policies cont'd...

Revenue Recognition cont'd...

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.

Cash and Cash Equivalents

Cash is defined as cash on deposit and deposits in transit net of all cheques issued and outstanding at the reporting date and temporary investments.

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. initially 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, 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 the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement and the amount of reversal is recognized in the statement of operations. 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% declining-balance
Computer software	100% straight-line
Furniture and equipment	20% declining-balance

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. Significant items subject to estimates are the estimated life of property, plant and equipment, the valuation of allowances for accounts receivable and estimates for accounts payable and accrued liabilities. Actual results could differ from those estimates.

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The Special Needs Employment Services Inc.
Notes To Financial Statements
March 31, 2019

2. Property, Plant And Equipment		2019	2018
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Computer hardware	\$ 72,249	\$ 69,875	\$ 2,374
Furniture and equipment	<u>68,147</u>	<u>68,087</u>	<u>60</u>
	<u>\$ 140,396</u>	<u>\$ 137,962</u>	<u>\$ 2,434</u>
			\$ 3,391
			<u>75</u>
			<u>\$ 3,466</u>

3. Commitments

Under the terms of operating leases for building rent, which expire in December 2021, the organization is committed to minimum lease payments of \$106,630.

2020	\$ 60,931
2021	<u>45,699</u>
	<u>\$ 106,630</u>

4. Financial Instruments Risks Disclosures

The main risks the Organization's financial instruments are exposed to are credit risk, liquidity risk, and interest rate risk each of which is discussed below.

Credit Risk

Credit risk is the risk of financial loss to the Organization if a counterparty to a financial instrument fails to meet its contractual obligations. The Organization's accounts receivable are subject to credit risk. The Organization believes there is minimal risk associated with these amounts due to the diversity of its customers and there are no significant concentrations of accounts receivable with any group of customers that are related to each other. The allowance for doubtful accounts for 2019 is \$Nil (2018 - \$Nil).

Liquidity Risk

Liquidity risk relates to the risk the Organization will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on its balance sheet consist of accounts payable and accrued liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.

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The Special Needs Employment Services Inc.
Notes To Financial Statements
March 31, 2019

4. Financial Instruments Risks Disclosures cont'd...

Market Risk (Price Risk)

Market risk is the risk that changes in market prices and interest rates will affect the Organization's net assets or the value of financial instruments. These risks are generally outside the control of the Organization. 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 Organization's financial instruments are all in Canadian dollars and consequently the Organization has no currency 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 Organization's managed investment accounts are subject to the risk of interest rate fluctuation. As a result, the profitability and cash flow of the Organization are affected by interest rate fluctuations.

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 currency risk and interest rate 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 Organization is not exposed to other price risk.

Changes in Financial Instruments Risks Disclosures

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