The Special Needs Employment Services Inc.

Financial Statements

March 31, 2022

The Special Needs Employment Services Inc.

March 31, 2022

Table of Contents

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, 2022 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, 2022, and its results of 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.

bakertilly

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.

Baker Tilly Sarnia LLP

Sarnia, Ontario
June 8, 2022

Chartered Professional Accountants
Licensed Public Accountants

The Special Needs Employment Services Inc.
Statement Of Operations
For The Year Ended March 31, 2022

	2022	2021
Revenue		
MLTSD	**$ 793,645**	$ 569,948
MCCSS	**82,750**	99,000
Fundraising	**5,721**	6,433
Interest	**2,289**	5,102
Amortization of deferred capital contributions	**330**	472
Repayable to funding source	**(157,628)**	(7,877)
	727,107	673,078
Expenditures		
Advertising	**2,063**	9,673
Amortization	**6,095**	3,313
Board and administrative expense	**3,629**	656
Community outreach	**1,466**	2,462
Insurance	**4,375**	4,357
Miscellaneous	**8,408**	6,654
Office materials and supplies	**13,698**	23,408
Professional fees	**7,810**	36,640
Rent	**66,701**	73,254
Salaries and benefits	**436,972**	395,933
Staff training and development	**7,707**	1,960
Support for individuals	**23,295**	4,774
Technical support	**29,543**	33,334
Training incentives for employers	**15,239**	-
Transportation and travel	**529**	-
Utilities and telephone	**8,487**	10,673
	636,017	607,091
Excess Of Revenue Over Expenditures	**$ 91,090**	$ 65,987

The Special Needs Employment Services Inc.
Statement Of Changes in Net Assets
For The Year Ended March 31, 2022

	2022	2021
Balance, Beginning	**$ 544,066**	$ 478,079
Excess of Revenue Over Expenditures	**91,090**	65,987
Balance, Ending	**$ 635,156**	$ 544,066

The Special Needs Employment Services Inc.
Statement of Financial Position
March 31, 2022

	2022	2021
Assets		
Current Assets		
Cash and short-term investments	**$ 772,765**	$ 525,501
Government remittances	**7,888**	7,347
Interest receivable	**1,160**	2,631
Prepaid expenses	**9,603**	10,908
	791,416	546,387
Property, plant and equipment (note 2)	**17,465**	17,097
	$ 808,881	$ 563,484
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 7,450**	$ 10,441
Repayable to funding source (note 4)	**165,505**	7,877
	172,955	18,318
Deferred capital contribution	**770**	1,100
	173,725	19,418
Net Assets	**635,156**	544,066
	$ 808,881	$ 563,484

Contingencies and 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, 2022

	2022	2021
Cash Provided By (Used For)		
Operating Activities		
Excess of revenue over expenditures	**$ 91,090**	$ 65,987
Items not requiring cash:		
Amortization of deferred capital contributions	**(330)**	(472)
Amortization	**6,095**	3,313
	96,855	68,828
Net change in non-cash working capital items affecting operations:		
Government remittances	**(541)**	6,280
Interest receivable	**1,471**	1,777
Prepaid expenses	**1,305**	(5,124)
Accounts payable and accrued liabilities	**(2,991)**	3,294
Repayable to funding source	**157,628**	7,877
	253,727	82,932
Investing Activities		
Purchase of property, plant and equipment	**(6,463)**	(18,700)
Increase In Cash	**247,264**	64,232
Cash Position and Short-Term Investments, Beginning	**525,501**	461,269
Cash Position and Short-Term Investments, Ending	**$ 772,765**	$ 525,501

Supplementary Cash Flow Information:

	2022	2021
Cash	**$ 335,918**	$ 124,001
Short-term investments	**436,847**	401,500
	$ 772,765	$ 525,501

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 Labour, Training and Skills Development (MLTSD) and the Ministry of Community, Children and Social Services ("MCCSS") 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
The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations and include the following significant accounting policies:

Investments
The Organization records investments at cost and realizes income as it is earned.

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 MLTSD and MCCSS 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. Repayable funding is set up as repayable to funding source and reflected in the statement of operations.

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.

Notes continued on page 8....

1. Significant Accounting Policies cont'd...

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 Organization is exempt from the payment of income taxes under Section 149 (1)(l) of the Income Tax Act.

Financial Instruments
The Organization initially measures its financial instruments at fair value.

The Organization subsequently measures all its financial instruments at amortized cost.

Financial instruments measured at amortized cost include cash and short-term investments, interest receivables, accounts payable and accrued liabilities and repayable to funding source.

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% declining-balance
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 doubtful accounts and estimates for accounts payable and accrued liabilities. Actual results could differ from those estimates.

Notes continued on page 9....

2. Property, Plant And Equipment

			2022	2021
	Cost	**Accumulated Amortization**	**Net**	**Net**
Computer hardware	**$ 97,412**	**$ 79,978**	**$ 17,434**	$ 17,059
Furniture and equipment	**68,147**	**68,116**	**31**	38
	$ 165,559	**$ 148,094**	**$ 17,465**	$ 17,097

3. Contingencies and Commitments

Under the terms of operating leases for building rent and office equipment, the Organization is committed to minimum lease payments of $64,712 over the next four years as follows:

2023	$ 55,592
2024	3,648
2025	3,648
2026	1,824
	$ 64,712

4. Repayable to Funding Source

	2022	2021
MCCSS	**$ 7,877**	$ 7,877
MLTSD	**157,628**	-
	$ 165,505	$ 7,877

As indicated in note 1, the Organization has entered into a funding agreements with MCCSS and MLTSD. Funding received under these agreements are subject to repayment if the Organization does not meet the required forecasted outcomes as agreed. Above is a summary of the repayments owed to both MCCSS and MLTSD as of March 31, 2022.

Notes continued on page 10....

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

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 interest receivable are subject to credit risk. The Organization believes there is minimal risk associated with these amounts. The allowance for doubtful accounts for 2022 is $Nil (2021 - $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 statement of financial position consist of accounts payable and accrued liabilities and repayable to funding source. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.

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.