

Kind Space
Financial Statements
December 31, 2019

Independent Auditor's Report

To the Members of
Kind Space

Qualified Opinion

I have audited the financial statements of Kind Space, which comprise the statement of financial position as at December 31, 2019, 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.

Except as noted in the following paragraph, in my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2019 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 Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 years. My audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified 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 ASNPO, 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.

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Numeris CPA

Numeris CPA Professional Corporation
Chartered Professional Accountant
Licensed Public Accountant

Ottawa, ON
July 10, 2020

**Kind Space
Statement of Financial Position
As at December 31, 2019**

	<u>2019</u>	<u>2018</u>
Assets		
Current		
Cash	\$ 69,361	\$ 82,490
Accounts receivable	2,411	2,906
HST receivable	3,361	3,285
Prepaid expenses	<u>6,998</u>	<u>5,689</u>
	<u>\$ 82,131</u>	<u>\$ 94,370</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 11,468	\$ 10,877
Deferred revenue (note 3)	<u>-</u>	<u>13,750</u>
	11,468	24,627
Unrestricted net assets	<u>70,663</u>	<u>69,743</u>
	<u>\$ 82,131</u>	<u>\$ 94,370</u>

On behalf of the Board

_____ Member

_____ Member

**Kind Space
Statement of Operations
and Changes in Net Assets
Year ended December 31, 2019**

	2019	2018
Revenues		
Grants	\$ 168,662	\$ 178,553
Donations	30,217	21,301
Fundraising	2,370	244
Fees for rentals and services	800	2,222
Interest income	376	227
Miscellaneous income	-	1
	<u>202,425</u>	<u>202,548</u>
Expenditures		
Administration		
Salaries and related benefits	77,143	23,900
Rent	12,498	12,091
Professional fees	11,537	11,381
Office	12,432	6,486
Insurance	3,585	4,050
Telephone and utilities	1,216	1,216
Interest and bank charges	79	347
	<u>118,490</u>	<u>59,471</u>
Program		
Salaries and benefits- programs	25,505	52,192
Rent - Programs	37,314	36,272
Outreach, library and other programs	19,985	24,855
Fundraising campaigns	211	-
	<u>83,015</u>	<u>113,319</u>
	<u>201,505</u>	<u>172,790</u>
Excess of revenues over expenditures	920	29,758
Balance, beginning of year	<u>69,743</u>	<u>39,985</u>
Balance, end of year	<u>\$ 70,663</u>	<u>\$ 69,743</u>

Kind Space
Statement of Cash Flows
Year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Operating activities		
Excess of revenues over expenditures	\$ 920	\$ 29,758
Change in non-cash working capital items		
Accounts receivable	495	(902)
HST receivable	(76)	(532)
Prepaid expenses	(1,309)	-
Accounts payable and accrued liabilities	591	2,183
Deferred revenue	(13,750)	13,750
Government remittances payable	<u>-</u>	<u>(961)</u>
Net (decrease) increase in cash	(13,129)	43,296
Cash, beginning of year	<u>82,490</u>	<u>39,194</u>
Cash, end of year	<u>\$ 69,361</u>	<u>\$ 82,490</u>

1. Nature of operations

Kind Space was incorporated on March 29, 1984 under the Canada Corporation Act as a not-for-profit organization and is a Registered Charity under the Income Tax Act..

Kind Space is a volunteer-based social service agency which fosters the health and wellness of all lesbian, gay, bisexual, trans, two spirit, queer/questioning, intersex, asexual, etc. (LGBT2SQIA+) people in the Ottawa/Outaouais region. Kind Space works to identify and address the needs of these groups through community development; the provision of online, referral and library resources; advocacy for safer sex practices, sex positive dialogue, an understanding of LGBT2SQIA+ issues with the public; and the delivery of respectful and inclusive services and programs provided in a safe environment that affirms equality and is free of discrimination.

2. Significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

(a) Revenue recognition

Kind Space follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. 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.

(b) Financial instruments

The organization's financial instruments consist of accounts receivable, prepaid expenses, accounts payable and accrued liabilities. Unless otherwise noted it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

(c) Capital assets

The organization expenses its capital assets. During the current year, capital expenditures included \$ - (2018 - \$ -).

(d) Contributed services

Directors, committee members and owners volunteer their time to assist in the corporation's activities. While these services benefit the corporation considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

2. Significant accounting policies, continued

(e) Use of estimates

The preparation of financial statements in conformity 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 balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(f) Allocated expenses

A portion of rent expense is allocated to program expenses based on management's estimate of the relative use of square footage. A portion of salaries and benefits is allocated to program expenses based on the estimate of the level of related effort.

3. Deferred revenue

	2019	2018
United Way	\$ -	\$ 13,750

4. Grants

	2019	2018
City of Ottawa	\$ 168,662	\$ 178,553

5. Commitments

The organization is committed to a lease agreement for office space that expires on June 30, 2021 and is shared with Planned Parenthood Ottawa. Including operating costs and recoverable HST committed cost is estimated as follows:

2020	\$ 48,800	
2021	24,400	
	\$ 73,200	

6. Economic dependence

The organization receives the majority of its revenue through a funding agreement from City of Ottawa. The organization's continued operations are dependent on this funding agreement and on satisfying the terms of the agreement.