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# Financial statements of Kids Help Phone

December 31, 2022

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Independent Auditor's Report	1-2
Statement of financial position	3
Statement of revenue and expenses	4-5
Statement of changes in fund balances	6
Statement of cash flows	7
Notes to the financial statements	8-19
Schedule A – Schedule of expenses	20

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## Independent Auditor's Report

To the Members of  
Kids Help Phone

### Opinion

We have audited the financial statements of Kids Help Phone (the "Organization"), which comprise the statement of financial position as at December 31, 2022, and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, 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 ("Canadian GAAS"). 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 audit 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 GAAS 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 GAAS, 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.


*Deloitte LLP*

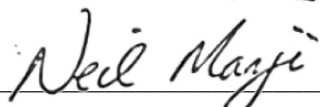
Chartered Professional Accountants  
Licensed Public Accountants  
May 23, 2023

**Kids Help Phone**  
**Statement of financial position**  
As at December 31, 2022

	Notes	2022 \$	2021 \$
<b>Assets</b>			
Current assets			
Cash		<b>11,167,474</b>	6,824,918
Short-term investments	4a	<b>2,857,387</b>	2,667,080
Accounts receivable		<b>3,002,881</b>	4,087,548
Prepaid expenses and other		<b>119,563</b>	327,384
		<b>17,147,305</b>	13,906,930
Restricted cash and investments			
Reserve Fund	4b	<b>7,375,000</b>	5,375,000
Innovation Fund		<b>12,868,375</b>	11,025,214
Unlock and Thrive Horizons ("UTH") Fund		<b>2,465,802</b>	2,414,606
Clinical Services ("CS") Future Fund		<b>3,682,400</b>	8,382,400
Kyra Field Memorial Fund		<b>33,151</b>	32,880
		<b>26,424,728</b>	27,230,100
Long-term investments			
Capital assets	5	<b>889,555</b>	142,909
		<b>2,347,647</b>	1,930,033
		<b>46,809,235</b>	43,209,972
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	14	<b>6,609,979</b>	4,358,708
Deferred revenue	6	<b>6,464,486</b>	5,279,370
		<b>13,074,465</b>	9,638,078
<b>Fund balances</b>			
Operating Fund	3 and 10		
General		<b>4,962,395</b>	4,411,761
Invested in capital assets		<b>2,347,647</b>	1,930,033
Restricted Funds			
Reserve Fund		<b>7,375,000</b>	5,375,000
Innovation Fund		<b>12,868,375</b>	11,025,214
UTH Fund		<b>2,465,802</b>	2,414,606
CS Future Fund		<b>3,682,400</b>	8,382,400
Kyra Field Memorial Fund		<b>33,151</b>	32,880
		<b>33,734,770</b>	33,571,894
		<b>46,809,235</b>	43,209,972
Commitments			
	8		

The accompanying notes are an integral part of the financial statements.

  
\_\_\_\_\_, Chair of the Board

  
\_\_\_\_\_, Treasurer

**Kids Help Phone**  
**Statement of revenue and expenses**  
Year ended December 31, 2022

	Operating Fund			Restricted Funds		2022 Total
	General	Innovation	UTH	CS Future	Kyra Field Memorial	
	\$	\$	\$	\$	\$	
Notes						
<b>Revenue</b>						
Events	5,270,156	—	—	—	—	5,270,156
General donations and grants	9,737,442	2,799,206	—	—	50	12,536,698
Government grants						
Kids Help Phone programs	15,928,019	523,800	—	—	—	16,451,819
Good2Talk program	5,335,256	—	—	—	—	5,335,256
Other	—	—	—	3,526,579	—	3,526,579
Investment income	427,044	102,228	42,669	75,797	221	647,959
Unrealized (loss) gain on investments	(405,494)	(135,694)	8,527	16,161	—	(516,500)
Other	23,491	—	—	—	—	23,491
	<b>36,315,914</b>	<b>3,289,540</b>	<b>51,196</b>	<b>3,618,537</b>	<b>271</b>	<b>43,275,458</b>
<b>Expenses</b>						
9, 12 and 16						
Service delivery costs						
Kids Help Phone (Schedule A)	20,036,754	—	—	—	—	20,036,754
Innovation and development (Schedule A)	—	3,446,379	—	—	—	3,446,379
Good2Talk (Schedule A)	5,335,256	—	—	—	—	5,335,256
CS Future Fund (Schedule A)	—	—	—	3,618,537	—	3,618,537
Direct fundraising (Schedule A)	7,248,373	—	—	—	—	7,248,373
General and administrative (Schedule A)	3,000,200	—	—	—	—	3,000,200
Amortization of capital assets	427,083	—	—	—	—	427,083
	<b>36,047,666</b>	<b>3,446,379</b>	<b>—</b>	<b>3,618,537</b>	<b>—</b>	<b>43,112,582</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>268,248</b>	<b>(156,839)</b>	<b>51,196</b>	<b>—</b>	<b>271</b>	<b>162,876</b>

The accompanying notes are an integral part of the financial statements.

## Kids Help Phone

### Statement of revenue and expenses (continued)

Year ended December 31, 2021

	Operating Fund			Restricted Funds		2021 Total \$
	General \$	Innovation \$	UTH \$	CS Future \$	Kyra Field Memorial \$	
<b>Revenue</b>						
Events	4,715,094	—	1,076	—	—	4,716,170
General donations and grants	7,286,704	3,063,964	77,527	—	—	10,428,195
Government grants						
Kids Help Phone programs	11,356,365	1,464,671	—	—	—	12,821,036
Good2Talk program	4,912,795	—	—	—	—	4,912,795
Other	—	—	—	11,233,336	—	11,233,336
Investment income	119,511	29,316	5,011	8,665	78	162,581
Unrealized gain (loss) on investments	182,673	(33,981)	(3,586)	(7,236)	—	137,870
Other	90,889	—	—	—	—	90,889
	<u>28,664,031</u>	<u>4,523,970</u>	<u>80,028</u>	<u>11,234,765</u>	<u>78</u>	<u>44,502,872</u>
<b>Expenses</b>						
Service delivery costs						
Kids Help Phone (Schedule A)	16,174,640	—	—	—	—	16,174,640
Innovation and development (Schedule A)	—	2,559,527	—	—	—	2,559,527
Good2Talk (Schedule A)	4,912,795	—	—	—	—	4,912,795
CS Future Fund (Schedule A)	—	—	—	5,040,450	—	5,040,450
Direct fundraising (Schedule A)	4,884,712	—	—	—	—	4,884,712
General and administrative (Schedule A)	2,063,300	—	—	—	—	2,063,300
Amortization of capital assets	233,738	—	—	—	—	233,738
	<u>28,269,185</u>	<u>2,559,527</u>	<u>—</u>	<u>5,040,450</u>	<u>—</u>	<u>35,869,162</u>
<b>Excess of revenue over expenses</b>	<u>394,846</u>	<u>1,964,443</u>	<u>80,028</u>	<u>6,194,315</u>	<u>78</u>	<u>8,633,710</u>

9, 12 and 16

The accompanying notes are an integral part of the financial statements.

**Kids Help Phone**  
**Statement of changes in fund balances**  
Year ended December 31, 2022

	Operating Fund					Restricted Funds		2022 Total \$	2021 Total \$
	General \$	Invested in capital assets \$	Reserve \$	Innovation \$	UTH \$	CS Future \$	Kyra Field Memorial \$		
<b>Fund balances, beginning of year</b>	<b>4,411,761</b>	<b>1,930,033</b>	<b>5,375,000</b>	<b>11,025,214</b>	<b>2,414,606</b>	<b>8,382,400</b>	<b>32,880</b>	<b>33,571,894</b>	24,938,184
Excess (deficiency) of revenue over expenses	<b>695,603</b>	<b>(427,355)</b>	—	<b>(156,839)</b>	<b>51,196</b>	—	<b>271</b>	<b>162,876</b>	8,633,710
Interfund transfer	<b>700,000</b>	—	<b>2,000,000</b>	<b>2,000,000</b>	—	<b>(4,700,000)</b>	—	—	—
Purchases of capital assets	<b>(844,969)</b>	<b>844,969</b>	—	—	—	—	—	—	—
<b>Fund balances, end of year</b>	<b>4,962,395</b>	<b>2,347,647</b>	<b>7,375,000</b>	<b>12,868,375</b>	<b>2,465,802</b>	<b>3,682,400</b>	<b>33,151</b>	<b>33,734,770</b>	33,571,894

Notes

15

The accompanying notes are an integral part of the financial statements.



## Kids Help Phone

### Statement of cash flows

Year ended December 31, 2022

	2022	2021
	\$	\$
<b>Operating activities</b>		
Excess of revenues over expenses	<b>162,876</b>	8,633,710
Items not affecting cash		
Amortization of capital assets	<b>427,083</b>	233,738
Loss on disposal of capital assets	<b>272</b>	—
Unrealized loss (gain) on investments	<b>516,500</b>	(137,870)
	<b>1,106,731</b>	8,729,578
Changes in non-cash working capital items		
Accounts receivable	<b>1,084,667</b>	(1,010,989)
Prepaid expenses and other	<b>207,821</b>	(31,354)
Accounts payable and accrued liabilities	<b>2,251,271</b>	2,548,611
Deferred revenue	<b>1,185,116</b>	639,367
	<b>5,835,606</b>	10,875,213
<b>Investing activities</b>		
Proceeds from sale of short-term investments	<b>4,101,610</b>	222,000
Purchases of short-term investments	<b>(3,899,701)</b>	(2,895,094)
Proceeds from sale of restricted investments	<b>11,606,277</b>	1,516,808
Purchases of restricted investments	<b>(14,240,397)</b>	(15,447,648)
Purchases of long-term investments	<b>(885,688)</b>	(143,345)
Purchases of capital assets	<b>(844,969)</b>	(1,787,954)
	<b>(4,162,868)</b>	(18,535,233)
Net increase (decrease) in cash	<b>1,672,738</b>	(7,660,020)
Cash, beginning of year	<b>19,289,705</b>	26,949,725
<b>Cash, end of year</b>	<b>20,962,443</b>	19,289,705
<b>Comprised of</b>		
Restricted cash	<b>9,794,969</b>	12,464,787
Unrestricted cash	<b>11,167,474</b>	6,824,918
	<b>20,962,443</b>	19,289,705

The accompanying notes are an integral part of the financial statements.

## Kids Help Phone

### Notes to the financial statements

December 31, 2022

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#### 1. Description of the organization

Kids Help Phone (the "Organization") was incorporated under the *Canada Corporations Act* and continued under the *Canada Not-for-Profit Corporations Act* on October 1, 2013.

The mandate of the Organization is to provide anonymous and confidential professional counselling, volunteer-led confidential text-based support, referrals and information in English and French for young people in Canada.

The Organization is a registered charity under the *Income Tax Act (Canada)* and, as such, is not subject to income tax provided certain disbursement requirements are met.

#### 2. Significant accounting policies

##### *Financial statement presentation*

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations published by Chartered Professional Accountants of Canada ("CPA Canada"), using the restricted fund method of reporting restricted contributions.

##### *Revenue recognition*

General grant revenue is recorded in the year to which it relates if collection is reasonably assured. General donations revenue is recorded when received. Revenue relating to special events or programs which have not yet occurred is recorded as deferred revenue and recognized as revenue in the year the events occur or program expenses are incurred. Government grants are recognized as revenue in the period to which the revenue relates and as the related expenses are incurred. Investment income is recorded when earned.

##### *Contributed goods and services*

Donors contribute gifts-in-kind for use in special fundraising events, which are recognized at their fair market value when such value can be reasonably estimated. Donated capital assets are recorded at fair value when fair value can be reasonably estimated. Donated materials and services are recorded at fair value when fair value can be reasonably estimated and when the materials and services are normally purchased by the Organization and would be paid for if not donated. Received gifts-in-kind are recognized as revenue and expenses when received.

##### *Financial instruments*

Financial instruments included on the statement of financial position are measured either at fair value or amortized cost based on the characteristics of the instrument and the Organization's accounting policy choices. All financial instruments reported on the statement of financial position are classified as follows:

Asset/liability	Category
Cash	Fair value
Short-term investments	Fair value
Accounts receivable	Amortized cost
Restricted cash and investments	Fair value
Long-term investments	Fair value
Accounts payable and accrued liabilities	Amortized cost

## **2. Significant accounting policies (continued)**

### *Financial instruments (continued)*

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost or fair value as described in the above table. Changes in fair value are recognized in the statement of revenue and expenses.

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset is written down and the resulting impairment loss is recognized in the statement of revenue and expenses.

Transaction costs are expensed as they are incurred.

### *Fair value*

The fair value of equities is determined based on bid prices. The fair value of short-term investments approximates their cost due to the short-term maturity of these instruments.

### *Pledges*

Pledges received are recorded as revenue in the financial statements if the amounts can be reasonably estimated and collection is reasonably assured.

### *Capital assets*

Office furniture and equipment and computers are capitalized on acquisition and are amortized on the straight-line basis over their average useful lives, which has been estimated at three years for computers and ten years for office furniture and equipment. Leasehold improvements are amortized over the remaining lease term.

### *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. These estimates and assumptions 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 revenue and expenses during the reporting period. Actual results could differ from those estimates. Amounts requiring estimates and assumptions include investments measured at fair value, certain accrued liabilities, deferred revenue and amortization of capital assets.

### *Allocation of expenses*

The Organization allocates the cost of salaries and employee benefits, telecom and technology, rent, general and office, marketing, insurance, professional fees, and gateway expenses based on the percentage of time assigned to each program.

### **3. Funds**

#### *Fund accounting*

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors. For financial reporting purposes, the accounts have been classified into the following funds:

#### *Operating Fund*

The general portion of the Organization's Operating Fund (the "Operating Fund") records the day-to-day operations of the Organization.

The Invested in the capital assets portion of the Operating Fund records the cost of capital assets acquired less accumulated amortization and the unamortized portion of deferred capital contributions.

#### *Restricted Funds*

Restricted Funds include both externally restricted funds raised that are designated toward specific programs and special projects and internally restricted funds and transfers from unrestricted fund balances.

#### *Reserve Fund*

The Reserve Fund represents funds internally restricted by the Organization's Board of Directors to offset potential operating shortfalls of the Organization, or for special projects. The interest earned on this fund is recorded in the general portion of the Operating Fund.

#### *Innovation Fund*

The Innovation Fund represents funds restricted for innovation through donor agreements and unrestricted gifts intended for the area of greatest need. The fund is to be used for continual innovation.

#### *Unlock and Thrive Horizons ("UTH") Fund*

The UTH Fund has been internally restricted by the Organization's Board of Directors to ensure sustainability today and in the future by offsetting short-term funding shortfalls.

#### *Clinical Services ("CS") Future Fund*

The Organization is a member of a partnership established to develop, implement and deliver an online virtual network of psychosocial information services for all Canadians. The CS Future Fund consists of funds internally restricted by the Organization's Board of Directors that are dedicated to the ongoing evolution and enrichment of the user experience, as well as the Organization's clinical services, service innovation and health and e-mental health promotion.

#### *Kyra Field Memorial Fund*

The Kyra Field Memorial Fund records donations made in memory of Kyra Field, and related interest income. The fund is to be used for the development and training of professional counsellors.

**4. Investments**

(a) *Short-term investments are comprised of the following:*

	Fair value \$	Range of interest rates %	2022 Range of due dates
Guaranteed investment certificates	949,750	3.35 - 5.00	February 2023 - October 2023
Fixed-income securities	1,907,637	0.69 - 4.05	January 2023 - September 2023
	<b>2,857,387</b>		
	Fair value \$	Range of interest rates %	2021 Range of due dates
Guaranteed investment certificates	358,750	0.75 - 0.86	April 2022 - July 2022
Fixed-income securities	2,284,360	0.14 - 2.73	March 2022 - December 2022
Canadian equities	23,970	n.a.	n.a.
	<b>2,667,080</b>		

The fixed-income securities are comprised of corporate and government bonds (corporate bonds, government T-bills and government bonds in 2021) from Canadian entities.

The cost of the above investments is \$2,848,662 (\$2,673,094 in 2021).

(b) *Restricted cash and investments are comprised of the following:*

	Fair value \$	Range of interest rates %	2022 Range of due dates
Reserve Fund			
Restricted cash	2,385,186	n.a.	n.a.
Guaranteed investment certificates	336,000	1.25 - 4.40	February 2023 - October 2024
Fixed-income securities	2,750,012	0.69 - 4.13	January 2023 - December 2051
Canadian equities	1,022,948	n.a.	n.a.
U.S. and global equities	880,854	n.a.	n.a.
	<b>7,375,000</b>		
Innovation Fund			
Restricted cash	6,909,143	n.a.	n.a.
Guaranteed investment certificates	1,921,000	2.49 - 5.25	February 2023 - October 2024
Fixed-income securities	3,910,930	0.69 - 4.05	January 2023 - June 2032
Canadian equities	127,302	n.a.	n.a.
	<b>12,868,375</b>		
Carried forward	<b>20,243,375</b>		

**4. Investments (continued)**

(b) *Restricted cash and investments are comprised of the following: (continued)*

	Fair value \$	Range of interest rates %	2022 Range of due dates
Balance brought forward	<b>20,243,375</b>		
UTH Fund			
Restricted cash	458,321	n.a.	n.a.
Guaranteed investment certificates	918,750	3.35 - 5.25	February 2023 - October 2024
Fixed-income securities	1,088,731	0.69 - 4.05	January 2023 - September 2023
	<b>2,465,802</b>		
CS Future Fund			
Restricted cash	9,168	n.a.	n.a.
Guaranteed investment certificates	1,677,000	3.35 - 5.25	February 2023 - October 2024
Fixed-income securities	1,996,232	0.69 - 4.05	January 2023 - September 2023
	<b>3,682,400</b>		
Kyra Field Memorial Fund			
Restricted cash	33,151	n.a.	n.a.
	<b>26,424,728</b>		
	Fair value \$	Range of interest rates %	2021 Range of due dates
Reserve Fund			
Restricted cash	207,173	n.a.	n.a.
Guaranteed investment certificates	71,000	0.75 - 0.86	April 2022 - July 2022
Fixed-income securities	3,019,077	0.14 - 3.45	March 2022 - December 2048
Canadian equities	1,084,301	n.a.	n.a.
U.S. and global equities	993,449	n.a.	n.a.
	<b>5,375,000</b>		
Innovation Fund			
Restricted cash	5,746,513	n.a.	n.a.
Guaranteed investment certificates	863,000	0.75 - 2.57	April 2022 - May 2024
Fixed-income securities	4,280,733	0.14 - 3.69	March 2022 - May 2032
Canadian equities	134,968	n.a.	n.a.
	<b>11,025,214</b>		
Carried forward	<b>16,400,214</b>		

**4. Investments (continued)**

(b) *Restricted cash and investments are comprised of the following: (continued)*

	Fair value \$	Range of interest rates %	2021 Range of due dates
Balance brought forward	16,400,214		
UTH Fund			
Restricted cash	971,721	n.a.	n.a.
Guaranteed investment certificates	194,250	0.75 - 0.86	April 2022 - July 2022
Fixed-income securities	1,248,635	0.14 - 2.93	March 2022 - June 2023
	<u>2,414,606</u>		
CS Future Fund			
Restricted cash	5,506,500	n.a.	n.a.
Guaranteed investment certificates	375,427	0.75 - 0.86	April 2022 - July 2022
Fixed-income securities	2,500,473	0.14 - 2.93	March 2022 - June 2023
	<u>8,382,400</u>		
Kyra Field Memorial Fund			
Restricted cash	32,880	n.a.	n.a.
	<u>27,230,100</u>		

The fixed-income securities are comprised of corporate bonds, mortgage-backed securities, government T-bills and government bonds from Canadian entities.

The cost of the above investments is \$17,013,630 (\$14,622,818 in 2021).

(c) *Long-term investments are comprised of the following:*

	Fair value \$	Interest rate %	2022 Due date
Guaranteed investment certificates	671,500	4.50 - 5.25	June 2024 - October 2024
Fixed-income securities	50,707	1.50 - 3.22	June 2032
Canadian equities	167,348	n.a.	n.a.
	<u>889,555</u>	—	—

	Fair value \$	Interest rate %	2021 Due date
Fixed-income securities	142,909	0.69	June 2, 2023

The fixed-income securities are comprised of corporate bonds, mortgage-backed securities and government bonds (government bonds in 2021) from Canadian entities.

The cost of the above investments is \$886,732 (\$143,345 in 2021).

**Kids Help Phone**  
**Notes to the financial statements**  
December 31, 2022

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**5. Capital assets**

	Cost \$	Accumulated amortization \$	2022 Net book value \$	2021 Net book value \$
Office furniture and equipment	474,872	138,882	335,990	360,761
Computers	1,645,693	1,266,259	379,434	468,603
Leasehold improvements	1,801,843	169,620	1,632,223	1,100,669
	<b>3,922,408</b>	<b>1,574,761</b>	<b>2,347,647</b>	<b>1,930,033</b>

**6. Deferred revenue**

	2022 \$	2021 \$
Balance, beginning of year	5,279,370	4,640,003
Donations and grants received for special events and programs	20,214,362	15,495,201
Recognized in revenue during the year	(19,029,246)	(14,855,834)
Balance, end of year	<b>6,464,486</b>	<b>5,279,370</b>

Deferred revenue is comprised of amounts relating to the following:

	2022 \$	2021 \$
Government Corporations	4,091,020	3,032,041
Foundations	1,700,580	1,094,351
Individuals	423,461	795,552
Events	96,070	209,188
Clubs and Associations	127,395	97,278
	25,960	50,960
	<b>6,464,486</b>	<b>5,279,370</b>



**7. Contingencies and guarantees**

In the normal course of business, the Organization enters into agreements that meet the definition of a guarantee. The Organization's primary guarantees are as follows:

- (a) The Organization has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements, the Organization agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- (b) An indemnity has been provided to all directors and/or officers of the Organization for various items including, but not limited, all costs to settle suits or actions due to their involvement with the Organization, subject to certain restrictions. The Organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a director or officer of the Organization. The maximum amount of any potential future payment cannot be reasonably estimated.
- (c) In the normal course of business, the Organization has entered into agreements that include indemnities in favour of third parties, such as confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the Organization to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Organization from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Organization has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the statement of financial position with respect to these agreements.

**8. Lease commitments**

The Organization is committed to the following annual lease payments for office space which expire in 2030:

	\$
2023	1,109,003
2024	1,135,387
2025	1,136,588
2026	1,065,001
2027	901,778
Beyond	2,513,449
	<u>7,861,206</u>

**9. Related party transactions**

In the normal course of business, from time to time, the Organization enters into transactions with entities which are related to the Organization by virtue of their representation on the Board of Directors. Such transactions are for the purchase of goods and services often lower than fair market value or donated. These goods and services are recorded in the financial statements at cost or at fair market value, if determinable for contributed services. The Organization has a policy which governs transactions with volunteers and staff and conflicts of interest. These transactions were in compliance with the policy. During the year, the Organization paid/accrued for the following services from related parties:

	<b>2022</b>	2021
	<b>\$</b>	<b>\$</b>
Telecommunication services from Bell Canada	<b>825,612</b>	553,101
Project consulting, design and build from Brookfield Global Integrated Solutions	<b>1,779,627</b>	113,325
Legal services from Osler, Hoslin & Harcourt LLP	<b>24,786</b>	140,655
Consulting services from PricewaterhouseCoopers LLP	<b>228,533</b>	—
Computer equipment from Dell Canada	<b>128,382</b>	—
Banking services from BMO Financial Group	<b>30,159</b>	—
Facebook   Instagram	<b>5,896</b>	55,754
	<b>3,022,995</b>	862,835

In addition, during the year, the Organization also recognized \$192,729 (\$250,000 in 2021) of contributed legal services from Osler, Hoskin & Harcourt LLP.

**Kids Help Phone**  
**Notes to the financial statements**  
December 31, 2022

**10. Fund balances**

Fund balances include the following:

	General \$	Invested in capital assets \$	Reserve \$	Innovation \$	UTH \$	CS Future \$	Kyra Field Memorial \$	2022 Total \$
Unrestricted	<b>4,962,395</b>	—	—	—	—	—	—	<b>4,962,395</b>
Internally restricted	—	<b>2,347,647</b>	<b>7,375,000</b>	<b>8,679,254</b>	<b>2,465,802</b>	<b>3,682,400</b>	—	<b>24,550,103</b>
Externally restricted	—	—	—	<b>4,189,121</b>	—	—	<b>33,151</b>	<b>4,222,272</b>
	<b>4,962,395</b>	<b>2,347,647</b>	<b>7,375,000</b>	<b>12,868,375</b>	<b>2,465,802</b>	<b>3,682,400</b>	<b>33,151</b>	<b>33,734,770</b>
	General \$	Invested in capital assets \$	Reserve \$	Innovation \$	UTH \$	CS Future \$	Kyra Field Memorial \$	2021 Total \$
Unrestricted	4,411,761	—	—	—	—	—	—	4,411,761
Internally restricted	—	1,930,033	5,375,000	6,711,686	2,414,606	8,382,400	—	24,813,725
Externally restricted	—	—	—	4,313,528	—	—	32,880	4,346,408
	4,411,761	1,930,033	5,375,000	11,025,214	2,414,606	8,382,400	32,880	33,571,894

**11. Credit facilities**

The Organization has an operating line of credit to a maximum of \$100,000. This credit facility bears interest at Prime plus 1.25% and, as at December 31, 2022 and 2021, there was nil in borrowings under this credit facility.

**12. Allocation of expenses**

The amount of expenses that has been allocated to the various programs is as shown on Schedule A – Schedule of expenses.

**13. Financial risk management**

*Interest rate risk*

The Organization is exposed to interest rate risk in its fixed-income securities investments. The Organization does not use any hedging instruments to manage this risk.

*Market risk*

The Organization is exposed to market risk as a result of its investments in equity securities and fixed-income securities. Fluctuations in the market expose the Organization to a risk of loss. The Organization manages this risk through policies and controls to monitor concentration levels maintaining a diversified portfolio of securities.

*Currency risk*

The Organization is exposed to currency risk on its non-Canadian securities such as U.S. and global equities. The Organization manages this risk through maintaining a diversified portfolio of securities.

*Credit rate risk*

The Organization's credit risk is primarily attributable to its fixed-income securities investments and accounts receivables. The Organization manages this risk through purchasing fixed-income securities from reputable and creditworthy parties and proactive collection polices.

**14. Government remittances**

Included in accounts payable and accrued liabilities is an amount of \$69,979 (\$68,766 in 2021) representing amounts due to the government relating to payroll and commodity taxes remittances.

**15. Interfund transfers**

The following interfund transfers occurred during the year:

	<b>Innovation</b>	<b>General</b>	<b>Reserve</b>	<b>2022 CS Future</b>
	\$	\$	\$	\$
CS Future Fund to Innovation Fund	<b>2,000,000</b>	—	—	<b>(2,000,000)</b>
CS Future Fund to General Fund	—	<b>700,000</b>	—	<b>(700,000)</b>
CS Future Fund to Reserve Fund	—	—	<b>2,000,000</b>	<b>(2,000,000)</b>
	<b>2,000,000</b>	<b>700,000</b>	<b>2,000,000</b>	<b>(4,700,000)</b>

Interfund transfers are comprised of the following:

- (i) The Board of Directors approved the transfer of \$2,000,000 to the Innovation Fund from the CS Future Fund.
- (ii) The Board of Directors approved the transfer of \$700,000 to the General Fund from the CS Future Fund.
- (iii) The Board of Directors approved the transfer of \$2,000,000 to the Reserve Fund from the CS Future Fund.

	<b>General</b>	<b>Innovation</b>	<b>2021 CS Future</b>
	\$	\$	\$
CS Future Fund to Innovation Fund	—	2,000,000	(2,000,000)
CS Future Fund to General Fund	1,000,000	—	(1,000,000)
General Fund to CS Future Fund	(500,000)	—	500,000
	<b>500,000</b>	<b>2,000,000</b>	<b>(2,500,000)</b>

Interfund transfers are comprised of the following:

- (i) The Board of Directors approved the transfer of \$2,000,000 to the Innovation Fund from the CS Future Fund.
- (ii) The Board of Directors approved transfer of \$1,000,000 to the General Fund from the CS Future Fund.
- (iii) The transfer of \$500,000 to the CS Future Fund to internally restrict unrestricted contributions.

**16. COVID-19 related costs**

During the year, the Organization incurred \$6,093,625 (\$8,157,537 in 2021) in expenses and nil (\$364,365 in 2021) related to the purchase of capital assets directly attributed to the Organization's response to the COVID-19 pandemic.

**Kids Help Phone**  
**Schedule A – Schedule of expenses**  
Year ended December 31, 2022

	2022	2021
	\$	\$
<b>Kids Help Phone service delivery</b>		
Salaries and employee benefits	12,500,100	10,980,232
Gateway	692,756	835,128
Telecom and technology	1,000,826	374,132
Youth marketing	3,194,045	1,567,825
Rent	504,148	565,722
General and office	1,026,851	812,367
Insurance	52,472	52,896
Professional fees	1,065,556	986,338
	<b>20,036,754</b>	<b>16,174,640</b>
<b>Kids Help Phone innovation and development</b>		
Salaries and employee benefits	1,353,413	1,051,858
Professional fees	1,047,481	201,832
Rent	55,500	50,402
Telecom and technology	449,131	356,066
Gateway	108,689	214,168
Marketing	431,952	685,201
General and office	213	—
	<b>3,446,379</b>	<b>2,559,527</b>
<b>Good2Talk service delivery</b>		
Salaries and employee benefits	2,924,088	2,967,366
Marketing	583,679	340,550
Partnership service agreement	760,078	466,743
General and office	126,036	143,289
Rent	156,237	181,447
Professional fees	615,362	416,322
Telecom and technology	125,036	76,810
Gateway	44,740	320,268
	<b>5,335,256</b>	<b>4,912,795</b>
<b>CS Future Fund service delivery</b>		
Salaries and employee benefits	2,594,581	3,346,543
Telecom and technology	279,311	444,755
General and office	63,042	169,660
Gateway	—	77,538
Marketing	—	385,665
Professional fees	446,784	478,283
Rent	234,179	126,230
Insurance	640	11,776
	<b>3,618,537</b>	<b>5,040,450</b>
<b>Direct fundraising</b>		
Salaries and employee benefits	2,290,918	2,015,993
Events	1,151,031	470,391
General and office	149,240	124,358
Rent	190,600	144,010
Fundraising campaigns	1,010,472	726,227
Prospect development	153,980	202,056
Telecom and technology	190,844	179,220
Marketing	34,132	2,076
Travel	8,054	9,996
Professional fees	148,231	180,592
Insurance	74	8,268
Corporate promotions and sponsorship	2,545	21,862
National Campaign fundraising	1,918,252	799,663
	<b>7,248,373</b>	<b>4,884,712</b>
<b>General and administrative</b>		
Salaries and employee benefits	1,644,864	1,204,128
Professional fees	390,700	311,856
Bank charges	128,705	107,280
General and office	480,209	221,000
Rent	243,727	114,480
Insurance	8,822	7,966
Telecom and technology	103,173	96,590
	<b>3,000,200</b>	<b>2,063,300</b>