
Financial statements of Kids Help Phone

December 31, 2023

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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, 2023, 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, 2023, 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 27, 2024

Kids Help Phone
Statement of financial position
As at December 31, 2023

	Notes	2023 \$	2022 \$
Assets			
Current assets			
Cash		12,407,045	11,167,474
Short-term investments	4a	—	2,857,387
Accounts receivable		4,534,395	3,002,881
Prepaid expenses and other		96,912	119,563
		17,038,352	17,147,305
Restricted cash and investments			
Reserve Fund	4b	7,375,000	7,375,000
Innovation Fund		11,210,063	12,868,375
Unlock and Thrive Horizons ("UTH") Fund		2,567,877	2,465,802
Clinical Services ("CS") Future Fund		3,682,400	3,682,400
Kyra Field Memorial Fund		—	33,151
		24,835,340	26,424,728
Long-term investments	4c	469,176	889,555
Capital assets	5	2,064,518	2,347,647
		44,407,386	46,809,235
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	14	5,524,294	6,609,979
Deferred revenue	6	5,596,107	6,464,486
		11,120,401	13,074,465
Fund balances			
Operating Fund	3 and 10		
General		6,387,127	4,962,395
Invested in capital assets		2,064,518	2,347,647
Restricted Funds			
Reserve Fund		7,375,000	7,375,000
Innovation Fund		11,210,063	12,868,375
UTH Fund		2,567,877	2,465,802
CS Future Fund		3,682,400	3,682,400
Kyra Field Memorial Fund		—	33,151
		33,286,985	33,734,770
		44,407,386	46,809,235
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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, 2023

	Operating Fund			Restricted Funds		2023 Total
	General	Innovation	UTH	CS Future	Kyra Field Memorial	
Notes	\$	\$	\$	\$	\$	\$
Revenue						
Events	6,435,101	1,500	—	—	—	6,436,601
General donations and grants	11,039,652	1,331,667	—	—	—	12,371,319
Government grants						
Kids Help Phone programs	16,430,579	—	—	—	—	16,430,579
Good2Talk program	4,813,677	—	—	—	—	4,813,677
Other	—	—	—	2,120,240	—	2,120,240
Investment income	765,768	284,562	(24,204)	97,940	529	1,124,595
Unrealized gain on investments	427,566	411,708	126,279	51,067	—	1,016,620
Other	80,477	—	—	—	—	80,477
	39,992,820	2,029,437	102,075	2,269,247	529	44,394,108
Expenses						
9 and 12						
Service delivery costs						
Kids Help Phone (Schedule A)	23,505,378	—	—	—	—	23,505,378
Innovation and development (Schedule A)	—	2,987,749	—	—	—	2,987,749
Good2Talk (Schedule A)	4,813,677	—	—	—	—	4,813,677
CS Future Fund (Schedule A)	—	—	—	2,269,247	—	2,269,247
Direct fundraising (Schedule A)	6,051,372	—	—	—	—	6,051,372
General and administrative (Schedule A)	4,716,142	—	—	—	—	4,716,142
Amortization of capital assets	498,328	—	—	—	—	498,328
	39,584,897	2,987,749	—	2,269,247	—	44,841,893
Excess (deficiency) of revenue over expenses	407,923	(958,312)	102,075	—	529	(447,785)

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

Kids Help Phone

Statement of revenue and expenses (continued)

Year ended December 31, 2022

	Operating Fund			Restricted Funds		2022 Total \$
	General \$	Innovation \$	UTH \$	CS Future \$	Kyra Field Memorial \$	
Revenue						
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
	<u>36,315,914</u>	<u>3,289,540</u>	<u>51,196</u>	<u>3,618,537</u>	<u>271</u>	<u>43,275,458</u>
Expenses						
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
	<u>36,047,666</u>	<u>3,446,379</u>	<u>—</u>	<u>3,618,537</u>	<u>—</u>	<u>43,112,582</u>
Excess of revenue over expenses	<u>268,248</u>	<u>(156,839)</u>	<u>51,196</u>	<u>—</u>	<u>271</u>	<u>162,876</u>

9 and 12

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

Kids Help Phone

Statement of changes in fund balances

Year ended December 31, 2023

	Operating Fund					Restricted Funds		2023 Total \$	2022 Total \$
	General \$	Invested in capital assets \$	Reserve \$	Innovation \$	UTH \$	CS Future \$	Kyra Field Memorial \$		
Fund balances, beginning of year	4,962,395	2,347,647	7,375,000	12,868,375	2,465,802	3,682,400	33,151	33,734,770	33,571,894
Excess (deficiency) of revenue over expenses	911,546	(503,623)	—	(958,312)	102,075	—	529	(447,785)	162,876
Interfund transfer	733,680	—	—	(700,000)	—	—	(33,680)	—	—
Purchases of capital assets	(220,494)	220,494	—	—	—	—	—	—	—
Fund balances, end of year	6,387,127	2,064,518	7,375,000	11,210,063	2,567,877	3,682,400	—	33,286,985	33,734,770

Notes

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

Kids Help Phone

Statement of cash flows

Year ended December 31, 2023

	2023	2022
	\$	\$
Operating activities		
(Deficiency) excess of revenues over expenses	(447,785)	162,876
Items not affecting cash		
Amortization of capital assets	498,328	427,083
Loss on disposal of capital assets	5,295	272
Unrealized (gain) loss on investments	(1,016,620)	516,500
	(960,782)	1,106,731
Changes in non-cash working capital items		
Accounts receivable	(1,531,514)	1,084,667
Prepaid expenses and other	22,651	207,821
Accounts payable and accrued liabilities	(1,085,685)	2,251,271
Deferred revenue	(868,379)	1,185,116
	(4,423,709)	5,835,606
Investing activities		
Proceeds from sale of short-term investments	6,365,370	4,101,610
Purchases of short-term investments	(1,401,648)	(3,899,701)
Proceeds from sale of restricted investments	10,729,999	11,606,277
Purchases of restricted investments	(16,467,586)	(14,240,397)
Proceeds of long-term investments	21,000	—
Purchases of long-term investments	(178,897)	(885,688)
Purchases of capital assets	(220,494)	(844,969)
	(1,152,256)	(4,162,868)
Net (decrease) increase in cash	(5,575,965)	1,672,738
Cash, beginning of year	20,962,443	19,289,705
Cash, end of year	15,386,478	20,962,443
Comprised of		
Restricted cash	2,979,433	9,794,969
Unrestricted cash	12,407,045	11,167,474
	15,386,478	20,962,443

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

Kids Help Phone

Notes to the financial statements

December 31, 2023

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

During the year, the Field Family requested the Kyra Field Memorial Fund be closed and the funds transferred to the Operating Fund.

4. Investments

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

There are no short-term investments as at December 31 2023.

As at December 31, 2022, short-term investments were as follows:

	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
	<u>2,857,387</u>		

The fixed-income securities were comprised of corporate and government bonds from Canadian entities, and their cost was 2,848,662.

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

	Fair value \$	Range of interest rates %	2023 Range of due dates
Reserve Fund			
Restricted cash	452,789	n.a.	n.a.
Guaranteed investment certificates	335,000	2.49 - 5.25	May 2024 - October 2024
Fixed-income securities	3,308,373	1.25 - 6.04	June 2024 - April 2051
Canadian equities	1,707,336	n.a.	n.a.
U.S. and global equities	1,571,502	n.a.	n.a.
	<u>7,375,000</u>		
Innovation Fund			
Restricted cash	1,253,359	n.a.	n.a.
Guaranteed investment certificates	1,173,663	1.65 - 5.25	March 2024 - May 2025
Fixed-income securities	4,849,242	1.50 - 6.34	June 2025 - December 2048
Canadian equities	2,062,128	n.a.	n.a.
U.S. and global equities	1,871,671	n.a.	n.a.
	<u>11,210,063</u>		
Carried forward	<u>18,585,063</u>		

4. Investments (continued)

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

	Fair value \$	Range of interest rates %	2023 Range of due dates
Balance brought forward	18,585,063		
UTH Fund			
Restricted cash	372,100	n.a.	n.a.
Guaranteed investment certificates	168,000	4.50	August 2024 June 2025 - December 2048
Fixed-income securities	1,367,056	1.25 - 5.68	December 2048
Canadian equities	421,202	n.a.	n.a.
U.S. and global equities	239,519	n.a.	n.a.
	2,567,877		
CS Future Fund			
Restricted cash	901,185	n.a.	n.a.
Guaranteed investment certificates	973,000	2.57 - 5.25	May 2024 - October 2024 February 2025 - May 2035
Fixed-income securities	1,713,388	1.25 - 5.69	May 2035
Canadian equities	94,827	n.a.	n.a.
	3,682,400		
Kyra Field Memorial Fund			
Restricted cash	—	n.a.	n.a.
	24,835,340		

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
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.
	<u>7,375,000</u>		
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 - January 2023 -
Fixed-income securities	3,910,930	0.69 - 4.05	June 2032
Canadian equities	127,302	n.a.	n.a.
	<u>12,868,375</u>		
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 -
	<u>2,465,802</u>		
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 -
	<u>3,682,400</u>		
Kyra Field Memorial Fund			
Restricted cash	33,151	n.a.	n.a.
	<u>26,424,728</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 \$21,278,879 (\$17,013,630 in 2022).

4. Investments (continued)

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

	Fair value \$	Interest rate %	2023 Due date
Guaranteed investment certificates	44,850	n.a.	n.a.
Fixed-income securities	138,126	0.50 - 4.68	June 2025 - September 2033
Canadian equities	286,200	n.a.	n.a.
	469,176	—	—

	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 2025
Canadian equities	167,348	n.a.	June 2032
	889,555	—	—

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

The cost of the above investments is \$401,907 (\$886,732 in 2022).

5. Capital assets

	Cost \$	Accumulated amortization \$	2023 Net book value \$	2022 Net book value \$
Office furniture and equipment	430,328	130,959	299,369	335,990
Computers	1,735,474	1,482,608	252,866	379,434
Leasehold improvements	1,892,585	380,302	1,512,283	1,632,223
	4,058,387	1,993,869	2,064,518	2,347,647

During the year, capital assets with a cost of \$84,515 (\$21,242 in 2022) and accumulated amortization of \$79,220 (\$20,970 in 2022) were disposed. The resulting loss on disposal of \$5,295 (\$272 in 2022) is included as general and administrative expense in the statement of revenue and expenses.

6. Deferred revenue

	2023	2022
	\$	\$
Balance, beginning of year	6,464,486	5,279,370
Donations and grants received for special events and programs	17,845,549	20,214,362
Recognized in revenue during the year	(18,713,928)	(19,029,246)
Balance, end of year	5,596,107	6,464,486

Deferred revenue is comprised of amounts relating to the following:

	2023	2022
	\$	\$
Government	2,214,042	4,091,020
Corporations	1,043,296	1,700,580
Foundations	2,195,802	423,461
Individuals	137,967	96,070
Events	5,000	127,395
Clubs and Associations	—	25,960
	5,596,107	6,464,486

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.

Kids Help Phone

Notes to the financial statements

December 31, 2023

7. Contingencies and guarantees (continued)

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:

	\$
2024	1,137,341
2025	1,138,542
2026	1,066,876
2027	902,233
2028	886,230
Beyond	<u>1,627,219</u>
	<u>6,758,441</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:

	2023	2022
	\$	\$
Telecommunication services from Bell Canada	649,355	825,612
Project consulting, design and build from Brookfield Global Integrated Solutions	—	1,779,627
Legal services from Osler, Hoslin & Harcourt LLP	52,029	24,786
Consulting services from PricewaterhouseCoopers LLP	—	228,533
Computer equipment from Dell Canada	—	128,382
Banking services from BMO Financial Group	34,978	30,159
Facebook Instagram	—	5,896
	736,362	3,022,995

In addition, during the year, the Organization also recognized \$79,721 (\$192,729 in 2022) of contributed legal services from Osler, Hoskin & Harcourt LLP.

Kids Help Phone
Notes to the financial statements
December 31, 2023

10. Fund balances

Fund balances include the following:

	General	Invested in capital assets	Reserve	Innovation	UTH	CS Future	Kyra Field Memorial	2023 Total
	\$	\$	\$	\$	\$	\$	\$	\$
Unrestricted	6,387,127	—	—	—	—	—	—	6,387,127
Internally restricted	—	2,064,518	7,375,000	9,887,053	2,567,877	3,682,400	—	25,576,848
Externally restricted	—	—	—	1,323,010	—	—	—	1,323,010
	6,387,127	2,064,518	7,375,000	11,210,063	2,567,877	3,682,400	—	33,286,985

	General	Invested in capital assets	Reserve	Innovation	UTH	CS Future	Kyra Field Memorial	2022 Total
	\$	\$	\$	\$	\$	\$	\$	\$
Unrestricted	4,962,395	—	—	—	—	—	—	4,962,395
Internally restricted	—	2,347,647	7,375,000	8,679,254	2,465,802	3,682,400	—	24,550,103
Externally restricted	—	—	—	4,189,121	—	—	33,151	4,222,272
	4,962,395	2,347,647	7,375,000	12,868,375	2,465,802	3,682,400	33,151	33,734,770

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, 2023 and 2022, 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.

There has been no change to the risk exposures from 2022.

14. Government remittances

Included in accounts payable and accrued liabilities is an amount of \$79,399 (\$69,979 in 2022) representing amounts due to the government relating to payroll and commodity taxes remittances.

15. Interfund transfers

The following interfund transfers occurred during the year:

	Innovation	General	Reserve	CS Future	2023 Kyra Field Memorial
	\$	\$	\$	\$	\$
Innovation Fund to General Fund	(700,000)	700,000	—	—	—
Kyra Field Memorial Fund to General Fund	—	33,680	—	—	(33,680)
	(700,000)	733,680	—	—	(33,680)

Interfund transfers are comprised of the following:

- (i) The Board of Directors approved the transfer of \$700,000 from the Innovation Fund to the General Fund.
- (ii) As disclosed in Note 3, the Kyra Field Memorial Fund was closed during the year and therefore \$33,680 representing the balance of the Fund as at December 31, 2023, were transferred to the Operating Fund.

	Innovation	General	Reserve	2022 CS Future
	\$	\$	\$	\$
CS Future Fund to Innovation Fund	2,000,000	—	—	(2,000,000)
CS Future Fund to General Fund	—	700,000	—	(7,000,000)
CS Future Fund to Reserve Fund	—	—	2,000,000	(2,000,000)
	2,000,000	700,000	—	(4,700,000)

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.

16. Comparative amounts

Certain of the prior year's comparative figures in Schedule A have been reclassified to conform to the current year's presentation.

Kids Help Phone
Schedule A – Schedule of expenses
Year ended December 31, 2023

	2023 \$	2022 \$ (Note 16)
Kids Help Phone service delivery		
Salaries and employee benefits	13,748,076	12,500,100
Gateway	355,936	534,238
Technology	1,361,721	659,319
Youth marketing	5,010,221	3,180,874
Rent	442,855	504,148
General and office	625,824	1,367,364
Insurance	70,623	62,775
Professional fees	1,890,122	1,227,936
	23,505,378	20,036,754
Kids Help Phone innovation and development		
Salaries and employee benefits	1,642,113	1,399,354
Professional fees	1,103,365	995,620
Insurance	16,156	5,920
Rent	44,483	55,500
Technology	152,799	449,131
Gateway	—	108,689
Marketing	—	431,952
General and office	28,833	213
	2,987,749	3,446,379
Good2Talk service delivery		
Salaries and employee benefits	3,275,064	2,924,088
Marketing	442,533	557,250
Partnership service agreement	636,484	760,078
General and office	120,929	169,878
Rent	133,107	156,237
Professional fees	34,876	603,966
Insurance	15,174	11,893
Technology	98,914	80,696
Gateway	56,596	71,170
	4,813,677	5,335,256
CS Future Fund service delivery		
Salaries and employee benefits	1,878,613	2,594,581
Technology	103,760	270,442
General and office	65,692	71,911
Professional fees	56,388	418,772
Rent	135,916	234,179
Insurance	28,878	28,652
	2,269,247	3,618,537
Direct fundraising		
Salaries and employee benefits	2,166,889	2,290,918
Events	1,379,221	1,151,031
General and office	363,879	197,404
Rent	134,823	190,600
Fundraising campaigns	1,511,452	1,164,452
Technology	172,035	134,876
Gateway	17,421	710
Travel	44,191	15,859
Professional fees	226,569	136,868
Insurance	12,458	11,437
Corporate promotions and sponsorship	—	2,545
National Campaign fundraising	22,434	1,951,673
	6,051,372	7,248,373
General and administrative		
Salaries and employee benefits	2,551,994	1,644,864
Professional fees	697,997	390,700
Marketing	503,037	—
Gateway	27,144	—
Bank charges	148,966	128,705
General and office	296,940	485,415
Rent	162,600	243,727
Insurance	9,967	8,822
Technology	317,497	97,967
	4,716,142	3,000,200

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