
Financial statements of Kids Help Phone

December 31, 2021

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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, 2021, 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, 2021, 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 17, 2022

Kids Help Phone
Statement of financial position
As at December 31, 2021

	Notes	2021 \$	2020 \$
Assets			
Current assets			
Cash		6,824,918	8,028,855
Short-term investments	4a	2,667,080	—
Accounts receivable		4,087,548	3,076,559
Prepaid expenses and other		327,384	296,030
		13,906,930	11,401,444
Restricted cash and investments			
Reserve Fund	4b	5,375,000	5,494,786
Innovation Fund		11,025,214	7,060,771
Unlock and Thrive Horizons ("UTH") Fund		2,414,606	2,334,579
Clinical Services ("CS") Future Fund		8,382,400	4,688,085
Kyra Field Memorial Fund		32,880	32,802
		27,230,100	19,611,023
Long-term investments			
Capital assets	4c	142,909	—
	5	1,930,033	375,817
		43,209,972	31,388,284
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	15	4,358,708	1,810,097
Deferred revenue	6	5,279,370	4,640,003
		9,638,078	6,450,100
Deferred capital contributions			
	7	—	—
		9,638,078	6,450,100
Fund balances			
Operating Fund			
General	3 and 11	4,411,761	5,071,131
Invested in capital assets		1,930,033	375,817
Restricted Funds			
Reserve Fund		5,375,000	5,375,000
Innovation Fund		11,025,214	7,060,771
UTH Fund		2,414,606	2,334,578
CS Future Fund		8,382,400	4,688,085
Kyra Field Memorial Fund		32,880	32,802
		33,571,894	24,938,184
		43,209,972	31,388,284

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, 2021

	Operating Fund			Restricted Funds		2021 Total
	General	Innovation	UTH	CS Future	Kyra Field Memorial	
Notes	\$	\$	\$	\$	\$	\$
Revenue						
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
	28,664,031	4,523,970	80,028	11,234,765	78	44,502,872
Expenses						
10 and 18						
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
	28,269,185	2,559,527	—	5,040,450	—	35,869,162
Excess of revenue over expenses	394,846	1,964,443	80,028	6,194,315	78	8,633,710

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

Kids Help Phone

Statement of revenue and expenses

Year ended December 31, 2020

	Operating Fund			Restricted Funds		2020 Total
	General	Innovation	UTH	CS Future	Kyra Field Memorial	
Notes	\$	\$	\$	\$	\$	\$
Revenue						
Events	4,147,846	9,626	22,009	—	—	4,179,481
General donations and grants	6,981,484	1,823,266	4,444,324	—	—	13,249,074
Government grants						
Kids Help Phone programs	10,035,517	—	—	—	—	10,035,517
Good2Talk program	4,386,194	—	—	—	—	4,386,194
Other	—	511,529	—	8,300,000	—	8,811,529
Investment income	129,170	—	—	—	121	129,291
Unrealized loss on investments	(1,825)	—	—	—	—	(1,825)
Other	167,956	—	—	—	—	167,956
	<u>25,846,342</u>	<u>2,344,421</u>	<u>4,466,333</u>	<u>8,300,000</u>	<u>121</u>	<u>40,957,217</u>
Expenses						
Service delivery costs						
Kids Help Phone (Schedule A)	9,402,950	—	—	—	—	9,402,950
Innovation and development (Schedule A)	684,025	—	—	—	—	684,025
Good2Talk (Schedule A)	4,386,194	—	—	—	—	4,386,194
CS Future Fund (Schedule A)	—	—	—	3,611,915	—	3,611,915
Direct fundraising (Schedule A)	3,475,398	—	—	—	—	3,475,398
General and administrative (Schedule A)	1,823,281	—	—	—	—	1,823,281
Amortization of capital assets	184,860	—	—	—	—	184,860
	<u>19,956,708</u>	<u>—</u>	<u>—</u>	<u>3,611,915</u>	<u>—</u>	<u>23,568,623</u>
Excess of revenue over expenses	<u>5,889,634</u>	<u>2,344,421</u>	<u>4,466,333</u>	<u>4,688,085</u>	<u>121</u>	<u>17,388,594</u>

10 and 18

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

Kids Help Phone

Statement of changes in fund balances

Year ended December 31, 2021

	Operating Fund					Restricted Funds		2021 Total \$	2020 Total \$
	General \$	Invested in capital assets \$	Reserve \$	Innovation \$	UTH \$	CS Future \$	Kyra Field Memorial \$		
Fund balances, beginning of year	5,071,131	375,817	5,375,000	7,060,771	2,334,578	4,688,085	32,802	24,938,184	7,549,590
Excess (deficiency) of revenue over expenses	628,584	(233,738)	—	1,964,443	80,028	6,194,315	78	8,633,710	17,388,594
Interfund transfer	500,000	—	—	2,000,000	—	(2,500,000)	—	—	—
Purchases of capital assets	(1,787,954)	1,787,954	—	—	—	—	—	—	—
Fund balances, end of year	4,411,761	1,930,033	5,375,000	11,025,214	2,414,606	8,382,400	32,880	33,571,894	24,938,184

Notes

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

Kids Help Phone

Statement of cash flows

Year ended December 31, 2021

	2021	2020
	\$	\$
Operating activities		
Excess of revenues over expenses	8,633,710	17,388,594
Items not affecting cash		
Amortization of capital assets	233,738	184,860
Loss on disposal of capital assets	—	83,746
Amortization of deferred capital contributions	—	(2,512)
Unrealized (gain) loss on investments	(137,870)	1,825
	8,729,578	17,656,513
Changes in non-cash working capital items		
Accounts receivable	(1,010,989)	(2,014,283)
Prepaid expenses and other	(31,354)	(143,858)
Accounts payable and accrued liabilities	2,548,611	489,384
Deferred revenue	639,367	1,478,442
	10,875,213	17,466,198
Investing activities		
Proceeds from sale of short-term investments	222,000	1,557,347
Purchases of short-term investments	(2,895,094)	—
Proceeds from sale of restricted investments	1,516,808	1,912,521
Purchases of restricted investments	(15,447,648)	(29,237)
Purchases of long-term investments	(143,345)	—
Purchases of capital assets	(1,787,954)	(313,520)
	(18,535,233)	3,127,111
Net (decrease) increase in cash	(7,660,020)	20,593,309
Cash, beginning of year	26,949,725	6,356,416
Cash, end of year	19,289,705	26,949,725
Comprised of		
Restricted cash	12,464,787	18,920,870
Unrestricted cash	6,824,918	8,028,855
	19,289,705	26,949,725

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

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 Kids Help Phone 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.

Kids Help Phone 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.

Deferred capital contributions

Contributions received related to the purchase of capital assets are recorded as deferred capital contributions and amortized at the same rate as the related capital asset.

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 consolidated 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 as investment income 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.

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 financial instruments measured at fair value, certain accrued liabilities, deferred capital contributions, deferred revenue and amortization of capital assets.

Allocation of expenses

Kids Help Phone allocates the cost of salaries and employee benefits, telecom and technology, rent, general and office, marketing, insurance, professional fees, gateway, and travel 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 Kids Help Phone 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 Organization 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 (formerly, COVID-19 Emergency 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 (formerly, Wellness Together Canada 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:*

	2021		
	Fair value	Range of interest rates	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.
	2,667,080		

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

The cost of the above investments is \$2,673,094.

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

	2021		
	Fair value	Range of interest rates	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.
	5,375,000		
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.
	11,025,214		
Carried forward	16,400,214		

4. Investments (continued)

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

	2021		
	Fair value \$	Range of interest rates %	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
	2,414,606		
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
	8,382,400		
Kyra Field Memorial Fund			
Restricted cash	32,880	n.a.	n.a.
	27,230,100		

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 \$14,622,818.

4. Investments (continued)

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

	Fair value \$	Range of interest rates %	2020 Range of due dates
Reserve Fund			
Restricted cash	4,804,633	n.a.	n.a.
Guaranteed investment certificates	660,922	2.15 - 2.57	May 2021 -
Canadian equities	29,231	n.a.	May 2024
	<u>5,494,786</u>		
Innovation Fund			
Restricted cash	<u>7,060,771</u>	n.a.	n.a.
COVID-19 Emergency Fund			
Restricted cash	<u>2,334,579</u>	n.a.	n.a.
CS Future Fund			
Restricted cash	<u>4,688,085</u>	n.a.	n.a.
Kyra Field Memorial Fund			
Restricted cash	32,802	n.a.	n.a.
	<u>19,611,023</u>		

The cost of the above investments is \$691,978.

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

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

The fixed-income securities are comprised of Canadian government bonds with a cost of \$143,345.

Kids Help Phone
Notes to the financial statements
December 31, 2021

5. Capital assets

	Cost \$	Accumulated amortization \$	2021 Net book value \$	2020 Net book value \$
Office furniture and equipment	468,060	107,299	360,761	53,950
Computers	1,492,612	1,024,009	468,603	321,141
Leasehold improvements	1,138,009	37,340	1,100,669	726
	3,098,681	1,168,648	1,930,033	375,817

6. Deferred revenue

	2021 \$	2020 \$
Balance, beginning of year	4,640,003	3,161,561
Donations and grants received for special events and programs	15,495,201	21,924,825
Recognized in revenue during the year	(14,855,834)	(20,446,383)
Balance, end of year	5,279,370	4,640,003

Deferred revenue is comprised of amounts relating to the following:

	2021 \$	2020 \$
Government Corporations	3,032,041	4,055,284
Foundations	1,094,351	139,372
Individuals	795,552	216,926
Events	209,188	—
Clubs and Associations	97,278	228,421
	50,960	—
	5,279,370	4,640,003

7. Deferred capital contributions

	2021 \$	2020 \$
Balance, beginning of year	—	2,512
Amortization of deferred capital contributions	—	(2,512)
Balance, end of year	—	—

8. 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 trustee, 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.

9. Lease commitments

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

	\$
2022	1,092,583
2023	1,109,003
2024	1,135,387
2025	1,137,494
2026	1,065,001
Beyond	3,415,227
	<u>8,954,695</u>

10. 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:

	2021	2020
	\$	\$
Telecommunication services from Bell Canada	553,101	494,700
Project consulting from BGIS	113,325	136,104
Legal services from Osler, Hoslin & Harcourt LLP	140,655	56,767
Cisco Systems Canada	—	24,955
Facebook Instagram	55,754	10,436
	862,835	722,961

In addition, during the year, the Organization also recognized \$250,000 (\$142,700 in 2020) of contributed legal services from Osler, Hoskin & Harcourt LLP.

Kids Help Phone
Notes to the financial statements
December 31, 2021

11. Fund balances

Fund balances include the following:

	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
	General \$	Invested in capital assets \$	Reserve \$	Innovation \$	UTH \$	CS Future \$	Kyra Field Memorial \$	2020 Total \$
Unrestricted	5,071,131	—	—	—	—	—	—	5,071,131
Internally restricted	—	375,817	5,375,000	4,716,351	2,334,578	4,688,085	—	17,489,831
Externally restricted	—	—	—	2,344,420	—	—	32,802	2,377,222
	5,071,131	375,817	5,375,000	7,060,771	2,334,578	4,688,085	32,802	24,938,184

12. 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, 2021 and 2020, there was nil in borrowings under this credit facility.

13. Allocation of expenses

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

14. Fair values and risk management

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity.

Short-term investments and long-term investments are recorded at fair value which is the market value as of December 31.

Restricted investments other than cash are recorded at fair value which is the market value as of December 31.

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 accounts receivables. The Organization manages this risk through proactive collection polices.

15. Government remittances

Included in accounts payable and accrued liabilities is an amount of \$68,766 (\$57,100 in 2020) representing amounts due to the government relating to payroll and commodity taxes remittances.

16. Interfund transfers

The following interfund transfers occurred during the year:

	General \$	Innovation \$	2021 CS Future \$
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
	500,000	2,000,000	(2,500,000)

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 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.

	General \$	Reserve \$	Innovation \$	2020 UTH \$
Innovation Fund to General Fund	511,529	—	(511,529)	—
Reserve Fund to Innovation Fund	—	(25,000)	25,000	—
General Fund to Innovation Fund	(3,071,124)	—	3,071,124	—
General Fund to Reserve Fund	(2,000,000)	2,000,000	—	—
UTH Fund to Innovation Fund	—	—	2,131,755	(2,131,755)
	(4,559,595)	1,975,000	4,716,350	(2,131,755)

Interfund transfers are comprised of the following:

- (i) The transfer of \$511,529 to the General Fund from the Innovation Fund in accordance with donor directives and agreements.
- (ii) The Board of Directors approved transfer of \$25,000 to the Innovation Fund from the Reserve Fund.
- (iii) The transfer of \$3,071,124 to the Innovation Fund from the General Fund to internally restrict unrestricted contributions.
- (vi) The Board of Directors approved transfer of \$2,000,000 to the Reserve Fund from the General Fund.
- (v) The transfer of \$2,131,755 to the Innovation Fund from the UTH Fund to internally restrict unrestricted contributions.

17. Significant event – COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel corona virus (“COVID-19”) as a pandemic, which resulted in a series of public health and emergency measures to be put into place to combat the spread of the virus. As a consequence of the pandemic, the Organization is experiencing increased demand for its services, incurred additional expenses and has received various grants in order to mitigate the short-term financial impacts. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the severity and length of these developments will have on the financial results and condition of the Organization in future periods.

18. COVID-19 related costs

During the year, the Organization incurred \$8,157,537 (\$5,289,832 in 2020) in expenses and \$364,365 (\$313,520 in 2020) related to the purchase of capital assets directly attributed to the Organization’s response to the COVID-19 pandemic.

19. Comparative amounts

Certain of the prior year’s comparative figures have been reclassified to conform to the current year’s presentation.

Kids Help Phone
Schedule A – Schedule of expenses
Year ended December 31, 2021

	2021	2020
	\$	\$
Kids Help Phone service delivery		
Salaries and employee benefits	10,980,232	7,647,972
Gateway	835,128	97,925
Telecom and technology	374,132	217,307
Youth marketing	1,567,825	428,669
Rent	565,722	283,118
General and office	812,367	298,109
Insurance	52,896	27,381
Professional fees	986,338	402,469
	16,174,640	9,402,950
Kids Help Phone innovation and development		
Salaries and employee benefits	1,051,858	415,671
Professional fees	201,832	248,579
Rent	50,402	9,200
Telecom and technology	356,066	10,575
Gateway	214,168	—
Marketing	685,201	—
	2,559,527	684,025
Good2Talk service delivery		
Salaries and employee benefits	2,967,366	2,806,381
Marketing	340,550	466,643
Partnership service agreement	466,743	503,176
General and office	143,289	119,278
Rent	181,447	257,606
Professional fees	416,322	40,016
Telecom and technology	76,810	193,094
Gateway	320,268	—
	4,912,795	4,386,194
CS Future Fund service delivery		
Salaries and employee benefits	3,346,543	1,914,520
Telecom and technology	444,755	357,818
General and office	169,660	220,116
Gateway	77,538	166,602
Marketing	385,665	390,969
Professional fees	478,283	408,546
Rent	126,230	138,003
Insurance	11,776	15,341
	5,040,450	3,611,915
Direct fundraising		
Salaries and employee benefits	2,015,993	1,753,653
Events	470,391	510,151
General and office	124,358	92,866
Rent	144,010	149,554
Fundraising campaigns	726,227	572,292
Prospect development	202,056	174,297
Telecom and technology	179,220	154,267
Marketing	2,076	205
Travel	9,996	19,860
Professional fees	180,592	39,722
Insurance	8,268	7,917
Corporate promotions and sponsorship	21,862	614
National Campaign fundraising	799,663	—
	4,884,712	3,475,398
General and administrative		
Salaries and employee benefits	1,204,128	1,203,407
Professional fees	311,856	227,104
Bank charges	107,280	85,801
General and office	221,000	219,837
Rent	114,480	62,111
Insurance	7,966	7,325
Telecom and technology	96,590	17,696
	2,063,300	1,823,281