

Consolidated financial statements of

# **Kids Help Phone**

December 31, 2011

# Kids Help Phone

December 31, 2011

## Table of contents

Independent Auditor's Report .....	1-2
Consolidated statement of revenue and expenses .....	3
Consolidated statement of changes in fund balances.....	4
Consolidated balance sheet.....	5
Consolidated statement of cash flows.....	6
Notes to the consolidated financial statements.....	7-15
Consolidated schedule of expenses .....	16

## Independent Auditor's Report

To the Members of  
Kids Help Phone

We have audited the accompanying consolidated financial statements of Kids Help Phone, which comprise the consolidated balance sheet as at December 31, 2011, and the consolidated statements of revenues and expenses, changes in fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

### **Basis for Qualified Opinion**

In common with many not-for-profit organizations, Kids Help Phone derives the majority of its revenues from the general public in the form of revenue from donations, sponsorship, special events and promotions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2011 and 2010, current assets as at December 31, 2011 and 2010, and fund balances as at January 1 and December 31 for both the 2011 and 2010 years. Our audit opinion on the financial statements for the year ended December 31, 2010 was modified accordingly because of the possible effects of this limitation in scope.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Kids Help Phone at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants  
Licensed Public Accountants  
May 9, 2012

# Kids Help Phone

## Consolidated statement of revenue and expenses year ended December 31, 2011

			2011	2010
	Operating Fund	Restricted Funds	Total	Total
	\$	\$	\$	\$
<b>Revenue</b>				
Events	6,008,096	36,830	6,044,926	5,848,019
General donations and grants	4,206,737	766,560	4,973,297	5,180,650
Corporate promotions	196,862	-	196,862	85,540
Program sponsorship	234,595	-	234,595	287,500
Interest	35,110	5,337	40,447	38,759
Other	134,677	-	134,677	498,796
	<b>10,816,077</b>	<b>808,727</b>	<b>11,624,804</b>	<b>11,939,264</b>
<b>Expenses</b>				
Service delivery costs				
Kids Help Phone - Schedule	4,989,583	382,943	5,372,526	6,020,359
Student Ambassador - Schedule	133,387	-	133,387	340,383
The Jack Project - Schedule	126,375	-	126,375	-
Direct fundraising - Schedule	3,829,161	90,318	3,919,479	4,260,886
General and administrative - Schedule	692,471	78	692,549	703,306
Donor development - Schedule	270,669	-	270,669	437,731
Amortization of capital assets	85,229	-	85,229	111,715
Loss on disposal of capital assets	238	-	238	11,061
Interest on obligation under capital leases	4,396	-	4,396	6,134
Scholarship	-	-	-	1,000
	<b>10,131,509</b>	<b>473,339</b>	<b>10,604,848</b>	<b>11,892,575</b>
Excess of revenue over expenses before restructuring costs	<b>684,568</b>	<b>335,388</b>	<b>1,019,956</b>	<b>46,689</b>
Restructuring costs (Note 16)				
Service delivery costs - Kids Help Phone	37,557	-	37,557	252,542
Direct fundraising	12,003	-	12,003	355,367
	<b>49,560</b>	<b>-</b>	<b>49,560</b>	<b>607,909</b>
<b>Excess of revenue over expenses (expenses over revenue)</b>	<b>635,008</b>	<b>335,388</b>	<b>970,396</b>	<b>(561,220)</b>

# Kids Help Phone

## Consolidated statement of changes in fund balances year ended December 31, 2011

						2011	2010	
	Operating Funds		Internally Board Restricted Funds			Externally Restricted Funds		
	General	Capital assets	Reserve	Futures Campaign	Jack Windeler Memorial	Total	Total	
	\$	\$	\$	\$	\$	\$	\$	
<b>Accumulated excess of revenue over expenses, beginning of year</b>	<b>894,382</b>	<b>268,333</b>	<b>1,550,258</b>	<b>9,814</b>	<b>466,703</b>	<b>54,009</b>	<b>3,243,499</b>	3,804,719
Excess (deficiency) of revenue over expenses	709,157	(74,149)	-	-	334,349	1,039	970,396	(561,220)
Interfund transfers	(99,164)	-	330,389	-	(231,225)	-	-	-
Net investment in capital assets	(84,704)	84,704	-	-	-	-	-	-
Capital lease obligation	(17,391)	17,391	-	-	-	-	-	-
<b>Accumulated excess of revenue over expenses, end of year</b>	<b>1,402,280</b>	<b>296,279</b>	<b>1,880,647</b>	<b>9,814</b>	<b>569,827</b>	<b>55,048</b>	<b>4,213,895</b>	3,243,499
Unrealized loss reported directly in the statement of changes in net assets, beginning of year	-	-	(2,416)	-	-	-	(2,416)	(8,545)
Reclassification for losses and (gains) recognized in the statement of operations	-	-	575	-	-	-	575	8,545
Change in unrealized loss on investments during the year	-	-	1,200	-	-	-	1,200	(2,416)
Unrealized loss reported directly in the statement of changes in net assets, end of year	-	-	(641)	-	-	-	(641)	(2,416)
<b>Fund balances, December 31, 2011</b>	<b>1,402,280</b>	<b>296,279</b>	<b>1,880,006</b>	<b>9,814</b>	<b>569,827</b>	<b>55,048</b>	<b>4,213,254</b>	3,241,083

# Kids Help Phone

## Consolidated balance sheet as at December 31, 2011

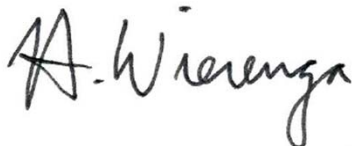
	2011	2010
	\$	\$
<b>Assets</b>		
Current assets		
Cash	2,513,919	1,718,895
Short-term investments (Note 5a)	-	535,414
Accounts receivable	207,621	208,250
Prepaid expenses and other	173,323	161,926
	<b>2,894,863</b>	<b>2,624,485</b>
Restricted investments (Note 5b)		
Kyra Field Memorial Fund	55,048	54,009
Reserve Fund (formerly Operating Reserve Fund)	1,890,464	1,552,838
Jack Windeler Memorial Fund	569,827	466,703
Futures Campaign Fund	9,814	9,814
	<b>2,525,153</b>	<b>2,083,364</b>
Capital assets (Note 6)		
	428,090	428,178
	<b>5,848,106</b>	<b>5,136,027</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	710,956	909,444
Deferred revenue (Note 7)	792,085	825,655
Obligation under capital leases - current (Note 8)	20,281	17,981
	<b>1,523,322</b>	<b>1,753,080</b>
Deferred capital contribution (Note 9)	55,089	65,732
Obligation under capital leases (Note 8)	56,441	76,132
	<b>1,634,852</b>	<b>1,894,944</b>
<b>Fund balances (Note 4)</b>		
Operating Fund		
General	1,402,280	894,382
Invested in capital assets	296,279	268,333
Reserve Fund (formerly Operating Reserve Fund)	1,880,006	1,547,842
Jack Windeler Memorial Fund	569,827	466,703
Futures Campaign Fund	9,814	9,814
Externally Restricted Funds	55,048	54,009
	<b>4,213,254</b>	<b>3,241,083</b>
	<b>5,848,106</b>	<b>5,136,027</b>

On behalf of the Board



Chair of the Board

Kerry Arbour



Treasurer

Harry Wierenga

# Kids Help Phone

## Consolidated statement of cash flows year ended December 31, 2011

	2011	2010
	\$	\$
<b>Operating activities</b>		
Excess of revenues over expenses (expenses over revenue)	970,396	(561,220)
Items not affecting cash		
Amortization of capital assets	85,229	111,715
Loss on disposal of capital assets	238	11,061
Amortization of deferred capital contributions	(11,318)	(5,637)
Loss on sale of investments	575	8,545
Donated capital assets	-	(49,827)
Capital contribution - donated capital assets	-	49,827
	1,045,120	(435,536)
Changes in non-cash working capital items		
Accounts receivable	629	110,266
Prepaid expenses and other	(11,397)	12,338
Accounts payable and accrued liabilities	(198,488)	381,542
Deferred revenue	(33,570)	(156,709)
	802,294	(88,099)
<b>Investing activities</b>		
Decrease in short-term investments	535,414	199,854
Purchase of capital assets	(85,379)	(255,539)
Kyra Field Memorial Fund - decrease (increase) in investments	(301,039)	4,327
Reserve Fund (formerly Operating Reserve fund) - increase in investments	(37,626)	(34,853)
Futures Campaign Fund - decrease in investments	-	400,361
Scholarship Fund - decrease in investments	-	15,991
Jack Windeler Memorial Fund - increase in investments	(103,124)	(466,703)
Change in unrealized loss on investments	1,200	(2,416)
	9,446	(138,978)
<b>Financing activities</b>		
Capital lease obligations assumed	-	60,836
Capital grants received	675	21,042
Payment under capital lease obligations	(17,391)	(23,629)
	(16,716)	58,249
Net increase (decrease) in cash	795,024	(168,828)
Cash, beginning of year	1,718,895	1,887,723
<b>Cash, end of year</b>	<b>2,513,919</b>	<b>1,718,895</b>
<b>Supplemental cash flows information</b>		
Cash interest paid	4,968	6,044



# Kids Help Phone

## Notes to the consolidated financial statements

December 31, 2011

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### 1. Description of the organization

The Organization is comprised of Kids Help Phone ("KHP") and Kids Help Foundation ("KHF"). All of the directors of Kids Help Foundation are also directors of Kids Help Phone.

The mandate of Kids Help Phone is to provide anonymous and confidential professional counselling, referrals and information through technologically-based communications media for children and youth in Canada.

The mandate of Kids Help Foundation, a registered charitable organization, is to improve the health and welfare of children and their families in Canada.

Kids Help Phone and Kids Help Foundation are classified as registered charities under the Income Tax Act and, as such, are not subject to income tax provided certain disbursement requirements are met.

### 2. Future accounting changes

In December 2010, the Canadian Institute of Chartered Accountants issued a new accounting framework applicable to Not-for-Profit Organizations. Effective for fiscal years beginning on or after January 1, 2012, Not-for-profit organizations will have to choose between International Financial Reporting Standards (IFRS) and Canadian accounting standards for Not-for-Profit Organizations. Early adoption of these standards is permitted. The Organization currently plans to adopt the new accounting standards for Not-for-Profit organizations for its fiscal year beginning on January 1, 2012. Other than the retrospective adjustment required for investments classified as available for sale, the impact of transitioning to these new standards is not expected to be significant.

### 3. Significant accounting policies

#### *Financial statement presentation*

These financial statements are presented on a consolidated basis and include the accounts of Kids Help Phone and Kids Help Foundation. The financial statements have been prepared in accordance with the accounting standards for not-for-profit organizations published by the Canadian Institute of Chartered Accountants, using the restricted fund method of reporting restricted contributions.

#### *Revenue recognition*

Corporate and sponsorship revenue is recorded in the year to which it relates if the receipt is reasonably assured. 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.

#### *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 property and equipment 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 expense when received.

#### *Deferred capital contributions*

Funds received related to capital assets are recorded as deferred capital grants and amortized at the same rate as the related capital asset.

# Kids Help Phone

## Notes to the consolidated financial statements

December 31, 2011

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### 3. Significant accounting policies (continued)

#### *Financial instruments*

The Organization has classified its financial instruments as follows:

<u>Asset/liability</u>	<u>Category</u>
Cash	Held-for-trading
Short-term investments	Held-for-trading
Accounts receivable	Loans and receivables
Restricted investments	Available for sale
Accounts payable and accrued liabilities	Other liabilities

Held-for-trading items are carried at fair value, with changes in their fair value recognized in the Statement of revenue and expenses in the current period. Available for sale items are carried at fair value and are recognized in the Statement of changes in fund balances. The gain or loss originating from subsequent measurement is recognized in the Statement of changes in fund balances and is transferred to excess (deficiency) of revenue over expenses when the asset is sold. "Loans and receivables" are carried at amortized cost, using the effective interest method, net of any impairment. "Other liabilities" are carried at amortized cost, using the effective interest method. Transaction costs are expensed as incurred.

As allowed under Section 3855 "Financial Instruments - Recognition and Measurement", the Organization has elected not to account for non-financial contracts as derivatives, and to not account for embedded derivatives in non-financial contracts, leases and insurance contracts as embedded derivatives.

The Organization has elected to follow the disclosure requirements of Section 3861 "Financial Instruments - Disclosure and Presentation" of the CICA Handbook.

#### *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 amortized on a 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. Assets held under capital lease are amortized over the lease term. Leasehold improvements are amortized over the remaining lease term.

#### *Use of estimates*

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 significant estimates and assumptions are included in accounts payable and accrued liabilities, and amortization of capital assets.

#### *Allocation of expenses*

KHP allocates the cost of salaries and benefits and rental expenses as follows:

- Salaries and benefits - allocated based on the percentage of time assigned to each program
- Rent - allocated based on the surface area occupied by each program.

# Kids Help Phone

## Notes to the consolidated financial statements

December 31, 2011

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### 4. 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 capital assets portion of the Operating Fund includes the cost of capital assets acquired less accumulated amortization, the unamortized portion of deferred capital contributions and the outstanding obligations on capital leases.

#### *Reserve Fund (formerly Operating Reserve Fund)*

The Reserve Fund represents funds restricted by the Board of Directors to offset potential operating shortfalls of the Organization. The interest earned on this fund is recorded in the General portion of the Operating Fund.

#### *Futures Campaign Fund*

The Futures Campaign Fund represents a fund established by the Board of Directors to invest in building future capacity at Kids Help Phone.

#### *Jack Windeler Memorial Fund*

The Jack Windeler Memorial Fund was set up in March 2010 and represents a fund established by the Board of Directors to support initiatives related to youth mental health and wellbeing as they transition from secondary school to post-secondary choices.

#### *Externally Restricted Funds*

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.

### 5. Investments

- a. Short-term investments are comprised of the following:

	2011		
	Fair value	Interest rate	Due date
	\$	%	
Guaranteed Investment Certificate	-		
BMO Money Market Fund	-		
	-		
	2010		
	Fair value	Interest rate	Due date
	\$	%	
Guaranteed Investment Certificate	500,257	1.25	December 16, 2011
BMO Money Market Fund	35,157	N/A	N/A
	535,414		

# Kids Help Phone

Notes to the consolidated financial statements

December 31, 2011

## 5. Investments (continued)

b. Restricted investments are comprised of the following:

			2011
	Fair value	Interest rate	Due date
	\$	%	
Jack Windeler Memorial Fund			
Cash	569,827	N/A	N/A
Kyra Field Memorial Fund			
Cash	55,048	N/A	N/A
Reserve Fund			
Cash	718,345	N/A	N/A
85 Agnico Eagle Mines Ltd	4,381	N/A	N/A
59 Front Street	554	N/A	N/A
150 Pathway Multi Series	523	N/A	N/A
Bank of Montreal			
Step up Bond	301,660	2.00	April 27, 2014
Manulife GIC	236,468	2.40	September 30, 2013
CPN Transalta	123,681	N/A	May 18, 2012
CPN Transalta	115,439	N/A	May 18, 2014
CPN TransCda	126,630	N/A	May 20, 2013
Manulife Coupon	121,571	N/A	October 8, 2012
Manulife Coupon	141,212	N/A	October 8, 2013
	1,890,464		
Futures Campaign Fund			
Cash	9,814	N/A	N/A
	2,525,153		

# Kids Help Phone

## Notes to the consolidated financial statements

December 31, 2011

### 5. Investments (continued)

b. Restricted investments are comprised of the following (continued):

	Fair value	Interest rate	2010 Due date
	\$	%	
Jack Windeler Memorial Fund			
Cash	466,703	N/A	N/A
Kyra Field Memorial Fund			
Cash	54,009	N/A	N/A
Reserve Fund			
Cash	406,534	N/A	N/A
30 Agnico Eagle Mines Ltd	2,307	N/A	N/A
Bank of Montreal			
Step up Bond	100,878	2.00	January 4, 2011
Manulife GIC	236,468	2.40	September 30, 2013
CIBC Step up Bond	250,868	2.00	March 12, 2011
Bank of Montreal			
Step up Bond	300,890	2.25	May 21, 2011
Manulife Coupon	118,029	N/A	October 8, 2012
Manulife Coupon	136,864	N/A	October 8, 2013
	1,552,838		
Futures Campaign Fund			
Cash	9,814	N/A	N/A
	2,083,364		

### 6. Capital assets

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
	\$	\$	\$	\$
Office furniture and equipment	480,388	242,925	237,463	256,905
Computers	720,005	658,935	61,070	43,852
Leasehold improvements	686,187	586,478	99,709	85,725
Assets held under capital leases	376,759	346,911	29,848	41,696
	2,263,339	1,835,249	428,090	428,178

# Kids Help Phone

## Notes to the consolidated financial statements

December 31, 2011

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### 7. Deferred revenue

	2011	2010
	\$	\$
Balance, beginning of year	825,655	982,364
Donations received for special events and programs	1,792,707	1,644,764
Amounts spent on specified events and programs	(1,826,277)	(1,801,473)
<b>Balance, end of year</b>	<b>792,085</b>	<b>825,655</b>

Deferred revenue is comprised of amounts relating to the following:

	2011	2010
	\$	\$
Ontario Ministry of Education	186,814	229,286
Bell Canada	156,257	300,000
Motorola Foundation	-	99,595
Healthy Community Funds	-	51,072
Anonymous Donor	130,000	-
Ontario Centre of Excellence	13,017	-
BMO Bank of Montreal	65,000	-
Ontario Trillium Foundation	87,800	-
Chapters		
British Columbia	50,000	54,464
Alberta	103,197	55,445
Quebec	-	3,166
Atlantic	-	32,627
<b>Total</b>	<b>792,085</b>	<b>825,655</b>

### 8. Obligation under capital leases

The future minimum lease payments required under the capital lease agreements are as follows:

	\$
Total minimum lease payments	87,412
Amount representing interest at rates varying between 8.5% and 12.5%	(10,690)
	76,722
Less: current portion	(20,281)
<b>Long-term portion</b>	<b>56,441</b>

Interest expense related to these leases was \$4,396 (2010 - \$6,133).

# Kids Help Phone

## Notes to the consolidated financial statements

December 31, 2011

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### 8. Obligation under capital leases (continued)

Principal payments due in the next 5 years are as follows:

	\$
2012	20,265
2013	18,694
2014	19,575
2015	11,959
2016	6,229
	<u>76,722</u>

### 9. Deferred capital contribution

	2011	2010
	\$	\$
Balance, beginning of year	65,732	500
Capital grants received	675	21,042
Donated capital assets	-	49,827
Amortization of deferred capital contributions	(11,318)	(5,637)
Balance, end of year	<u>55,089</u>	<u>65,732</u>

### 10. 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 subject to the disclosure requirements of AcG-14 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 purchase and sale agreements, 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 consolidated financial statements

December 31, 2011

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### 10. 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 balance sheet with respect to these agreements.

### 11. Lease commitments

The Organization is committed to the following annual lease payments for office space in the years ending December 31:

	\$
2012	519,303
2013	470,596
2014	457,213
2015	445,309
2016	448,819
Beyond	1,690,063
	<hr/> 4,031,303

### 12. Related party transactions

The Organization acquires printing and creative services for several annual communication pieces with Boss Print + Creative, which is an organization owned by a related person to one of the Organization's senior management members. The transactions between the Organization and Boss Print + Creative are within the Organization's normal course of operations and recorded in operating expenses at the exchange amount. In fiscal 2011, the Organization paid \$165,478 (2010 - \$346,337) and accrued \$18,528 (2010 - \$47,774) in relation to services from Boss Print + Creative. Occasionally, Boss Print + Creative also donate promotional goods and services to the Organization at no cost. These goods and services are appropriately recorded in the financial statements at cost or at fair market value, if appropriate and determinable.

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 goods and services and can often be less than fair market value and are often donated. These goods and services are appropriately recorded in the financial statements at cost or at fair market value, if appropriate and determinable. The Organization has a policy which governs transactions with volunteers and staff and conflicts of interest. These transactions were in compliance with the policy.

### 13. Externally restricted funds

The Organization manages externally restricted funds of \$55,048 (2010 - \$54,009) with conditions stipulated in donor agreements concerning the use of the funds and related income. The Organization has complied with the requirements of these restricted funds.

### 14. Allocation of expenses

The amount of salaries, benefits and rent that has been allocated to the various programs is as shown on the consolidated schedule of expenses.



# Kids Help Phone

Notes to the consolidated financial statements

December 31, 2011

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## 15. 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 are recorded at cost plus accrued income, which approximates fair value.

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

### *Interest rate risk*

The Organization is exposed to interest rate risk on its investments. The Organization does not use any hedging instruments to manage this risk.

### *Credit rate risk*

The Organization's credit risk is primarily attributable to its accounts receivables. The Organization manages this risk through proactive collection polices.

## 16. Restructuring costs

During 2010 and 2011, the Organization underwent a comprehensive restructuring, which was based on a plan to improve service effectiveness, and to ensure sustainable revenue development for the future. These amounts include termination costs.

# Kids Help Phone

## Consolidated schedule of expenses

### year ended December 31, 2011

	2011	2010
	\$	\$
<b>Kids Help Phone Service Delivery</b>		
Salaries and employee benefits	4,312,784	4,776,967
Kid's Website	110,594	325,894
Telecommunications	318,358	171,329
Knowledge management	4,911	34,030
Youth marketing	132,445	299,803
Rent	243,277	200,439
General and office	151,122	140,036
Insurance	26,962	27,616
Professional fees	72,073	44,245
	<b>5,372,526</b>	<b>6,020,359</b>
<b>Allocation of Kids Help Phone Service Delivery (by fund)</b>		
Operating Fund	4,989,583	5,343,317
Futures Campaign Fund	365,284	658,651
Jack Windeler Memorial Fund	17,659	18,391
	<b>5,372,526</b>	<b>6,020,359</b>
<b>Student Ambassador Service Delivery</b>		
Salaries and employee benefits	87,167	299,646
General and office	39,723	17,833
Training	6,475	2,848
Rent	22	14,819
Travel	-	2,509
Youth marketing	-	2,728
	<b>133,387</b>	<b>340,383</b>
<b>The Jack Project Service Outreach</b>		
Salaries and employee benefits	80,679	-
Marketing	10,961	-
Office and general	10,402	-
Rent	6,973	-
Professional fees	656	-
Outreach workshops	3,343	-
Telecommunications	5,981	-
Evaluation	7,380	-
	<b>126,375</b>	<b>-</b>
<b>Direct fundraising</b>		
Salaries and employee benefits	2,062,457	2,165,229
Events	940,350	1,138,258
General and office	219,388	271,932
Rent	247,498	206,000
Fundraising campaigns	178,819	210,442
Telecommunications	100,534	100,963
Donor marketing	58,668	54,076
Travel	23,128	45,444
Professional fees	76,252	53,254
Insurance	12,076	13,877
Corporate promotions	309	1,411
	<b>3,919,479</b>	<b>4,260,886</b>
<b>Allocation of direct fundraising (by fund)</b>		
Operating Fund	3,829,161	3,895,163
Futures Campaign Fund	6,243	356,842
Jack Windeler Memorial Fund	84,075	8,881
	<b>3,919,479</b>	<b>4,260,886</b>
<b>General and administrative</b>		
Salaries and employee benefits	459,215	456,814
Professional fees	85,979	86,010
Bank charges	47,023	44,132
General and office	35,637	55,746
Rent	45,543	42,421
Insurance	14,952	13,983
Telephone	4,200	4,200
	<b>692,549</b>	<b>703,306</b>
<b>Donor development</b>		
Salaries and employee benefits	165,712	308,579
Donor marketing	50,361	9,646
Fundraising campaign	54,160	119,018
Office and general	436	488
	<b>270,669</b>	<b>437,731</b>