

**Variety - The Children's Charity
(Ontario)**

Consolidated Financial Statements

(unaudited - see Notice to Reader)

For the Year Ended September 30, 2018



NOTICE TO READER

On the basis of information provided by management, we have compiled the consolidated statement of financial position of Variety - The Children's Charity (Ontario) as at September 30, 2018 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended.

We have not performed an audit or review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
December 17, 2018
Toronto, Ontario

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Variety - The Children's Charity (Ontario)
Consolidated Statement of Financial Position
As at September 30, 2018
(unaudited - see Notice to Reader)

	2018	2017
Assets		
Current		
Cash and cash equivalents	\$ 698,774	\$ 1,333,101
Accounts receivable	108,197	256,017
Investments	640,990	596,218
Prepaid expenses	102,315	147,214
	1,550,276	2,332,550
Endowment investments	493,908	493,375
Capital assets	6,101,180	5,864,658
Intangible assets	90,757	173,570
	\$ 8,236,121	\$ 8,864,153
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 510,987	\$ 589,355
Deferred revenue	442,138	464,631
Current portion of long-term debt	150,829	144,999
	1,103,954	1,198,985
Long-term debt	1,190,248	1,340,680
	2,294,202	2,539,665
Deferred contributions	753,331	586,507
Deferred contributions related to capital assets	2,952,324	2,871,849
	5,999,857	5,998,021
Net assets		
Endowments	493,908	493,375
Invested in capital assets	1,898,536	1,680,700
Operating	(156,180)	692,057
	2,236,264	2,866,132
	\$ 8,236,121	\$ 8,864,153

Approved by the Board

Chair

Treasurer

Variety - The Children's Charity (Ontario)
Consolidated Statement of Changes in Net Assets
Year Ended September 30, 2018
(unaudited - see Notice to Reader)

	Endowments	Invested in Capital Assets	Operating	Total 2018	Total 2017
Net assets, beginning of year	\$ 493,375	\$ 1,680,700	\$ 692,057	\$ 2,866,132	\$ 3,111,881
Excess (deficiency) of revenue over expenses	-	(516,989)	(113,412)	(630,401)	(245,749)
Contributions received	15,008	-	-	15,008	-
Interfund transfers	(14,475)	(274,980)	274,980	(14,475)	-
Purchase of capital assets	-	992,259	(992,259)	-	-
Purchase of intangible assets	-	17,546	(17,546)	-	-
Net assets, end of the year	\$ 493,908	\$ 1,898,536	\$ (156,180)	\$ 2,236,264	\$ 2,866,132

Variety - The Children's Charity (Ontario)**Consolidated Statement of Operations****Year Ended September 30, 2018**

(unaudited - see Notice to Reader)

	2018	2017
Revenue		
Fundraising, net (Schedule 1)	\$ 839,507	\$ 721,252
Provincial grant	1,000,000	1,000,000
Gaming operations, net (Schedule 8)	124,349	121,025
Fitness club membership	1,852,988	1,827,977
Program fees and contributions	1,043,073	923,429
Team fees and contributions	527,012	387,450
Education	497,100	529,065
Interest	11,080	11,669
Rental	221,749	254,140
Other	90,290	117,607
	6,207,148	5,893,614
Expenses		
Fitness club (Schedule 2)	1,407,534	1,304,359
Programs (Schedule 3)	1,096,781	1,003,306
Teams (Schedule 4)	560,756	406,198
Education (Schedule 5)	213,505	211,281
Administration (Schedule 6)	1,405,460	1,446,213
Building services (Schedule 7)	1,232,519	1,241,394
	5,916,555	5,612,751
Excess of revenue over expenses before the undernoted	290,593	280,863
Interest expense	64,896	64,245
Amortization of capital assets	856,098	815,761
Reversal of expense over-accrual	-	(353,394)
	920,994	526,612
Deficiency of revenue over expenses	\$ (630,401)	\$ (245,749)

Variety - The Children's Charity (Ontario)
Consolidated Statement of Cash Flows
Year Ended September 30, 2018
(unaudited - see Notice to Reader)

	2018	2017
Operating activities		
Deficiency of revenue over expenses	\$ (630,401)	\$ (245,749)
Non-cash items:		
Amortization of capital and intangible assets	856,098	815,761
Amortization of deferred contributions	(489,750)	(390,570)
Amortization of deferred contributions related to capital assets	(339,108)	(304,356)
Deferred contributions received	656,574	502,667
Deferred contributions and transfers received related to capital assets	419,583	778,031
Change in non-cash operating balances	91,856	(47,749)
	564,852	1,108,035
Investing activities		
Purchase of investments	(63,600)	(221,850)
Proceeds from sale of investments	3,820	486,291
Purchase of capital assets	(992,259)	(313,929)
Purchase of intangible assets	(17,546)	(23,030)
	(1,069,585)	(72,518)
Financing activities		
Endowment contributions received	15,008	-
Repayment of long-term debt	(144,602)	(1,157,013)
	(129,594)	(1,157,013)
Net change in cash and cash equivalents	(634,327)	(121,496)
Cash and cash equivalents, beginning of year	1,333,101	1,454,597
Cash and cash equivalents, end of year	\$ 698,774	\$ 1,333,101

Variety - The Children's Charity (Ontario)

Notes to Consolidated Financial Statements

September 30, 2018

(unaudited - see Notice to Reader)

1. NATURE OF THE ORGANIZATION

Variety - The Children's Charity (Ontario) (the "Organization") is a unique charitable organization. The Organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements are met.

For over 70 years, the Organization has been breaking down barriers to accessibility for education, sport and fitness, and now throughout communities across Ontario. Through participation in sport, fitness and recreation, the Organization helps children with disabilities build their skills and confidence to become active and contributing members of the community, develop and learn physical as well as social skills, and have their emotional and social needs met.

The Organization delivers its programming at the Variety Village facilities and throughout communities across Ontario. In addition to delivering programs, the Organization operates a number of social enterprises to support the charitable mission; including, a Fitness Club, the Rehabilitation to Community Program, an Active Aging Club, and an Adult Day Program.

The Organization is a not-for-profit organization. The Organization exercises control over Variety Village and Variety Club of Ontario Tent 28 by virtue of a common Board of Directors and through the Organization's control and direction of resources. All entities are registered under the laws of Ontario as a corporation without share capital.

2. BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Variety - The Children's Charity (Ontario), Variety Village and Variety Club of Ontario - Tent 28. Intercompany transactions and balances are eliminated on consolidation.

3. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation. Deficiency of revenue over expenses has not been affected by these reclassifications.

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Fundraising - Schedule 1
Year Ended September 30, 2018
(unaudited - see Notice to Reader)

	Revenue	Expenses	2018	2017
Events				
Golf tournaments	\$ 120,000	\$ 917	\$ 119,083	\$ 111,326
Gala	101,027	21,639	79,388	-
Luncheon	-	-	-	51,245
World's Greatest Holiday Party	64,238	18,930	45,308	47,103
Toronto Sun Fund	35,753	-	35,753	29,399
Pizza Nova day	113,602	813	112,789	98,682
Other events	89,884	39,194	50,690	95,990
	524,504	81,493	443,011	433,745
Annual campaigns				
Unsolicited contributions	127,435	12,535	114,900	70,775
Planned gifts	71,319	-	71,319	158,635
Direct mail	25,040	5,968	19,072	20,583
Corporate	27,359	-	27,359	6,490
Government grants	17,428	-	17,428	41,195
Gold Hearts	-	-	-	9
Grant amortization	339,108	-	339,108	304,356
Allocation of revenue (to) from deferred revenue	3,000	-	3,000	8,782
	610,689	18,503	592,186	610,825
	1,135,193	99,996	1,035,197	1,044,570
Expenses				
Salaries and benefits			60,906	100,180
Professional fees			124,056	211,241
Office and general			10,728	11,897
			195,690	323,318
Excess of fundraising revenue over expenses			\$ 839,507	\$ 721,252

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Fitness Club Expenses - Schedule 2
Year Ended September 30, 2018
(unaudited - see Notice to Reader)

	2018	2017
Salaries and benefits	\$ 1,195,403	\$ 1,075,176
Kiosk cost of sales	95,734	100,692
Equipment, repairs and supplies	26,025	28,617
Advertising and promotion	90,372	99,874
	\$ 1,407,534	\$ 1,304,359

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Programs Expenses - Schedule 3
Year Ended September 30, 2018
(unaudited - see Notice to Reader)

	2018	2017
Salaries and benefits	\$ 998,796	\$ 897,132
Employee related expenses	6,307	10,581
Equipment, repairs and supplies	17,552	27,514
Professional fees	9,865	9,898
General office supplies	13,116	17,402
Travel	11,582	12,619
Other	39,563	28,160
	\$ 1,096,781	\$ 1,003,306

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Teams Expenses - Schedule 4
Year Ended September 30, 2018
(unaudited - see Notice to Reader)

	2018	2017
Salaries and benefits	\$ 427,726	\$ 318,039
Equipment, repairs and supplies	29,432	7,922
Travel	2,573	3,882
Tournament and registration costs	50,179	43,963
Other	50,846	32,392
	\$ 560,756	\$ 406,198

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Education Expenses - Schedule 5
Year Ended September 30, 2018
(unaudited - see Notice to Reader)

	2018	2017
Salaries and benefits	\$ 195,807	\$ 200,122
Program costs	17,698	11,159
	\$ 213,505	\$ 211,281

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Administration Expenses- Schedule 6
Year Ended September 30, 2018
(unaudited - see Notice to Reader)

	2018	2017
Salaries and benefits	\$ 983,943	\$ 943,343
Office and general	182,244	273,710
Insurance	162,822	161,166
Professional fees	76,451	67,994
	\$ 1,405,460	\$ 1,446,213

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Building Services Expenses - Schedule 7
Year Ended September 30, 2018
(unaudited - see Notice to Reader)

	2018	2017
Salaries and benefits	\$ 345,731	\$ 328,775
Equipment, repairs and supplies	225,973	222,778
Cleaning services	202,450	218,080
Utilities	458,365	471,760
	\$ 1,232,519	\$ 1,241,393

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Gaming Operations - Schedule 8
Year Ended September 30, 2018
(unaudited - see Notice to Reader)

	2018	2017
Gross revenue		
Nevada	\$ 269,298	\$ 291,081
Less: Licence and management fees	144,949	170,056
Excess of gaming revenue over expenses	\$ 124,349	\$ 121,025