

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

Consolidated Financial Statements

(unaudited - see Notice to Reader)

For the Year Ended September 30, 2020



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, 2020 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 16, 2020
Toronto, Ontario


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Variety - The Children's Charity (Ontario)
Consolidated Statement of Financial Position
As at September 30, 2020
(unaudited - see Notice to Reader)

	2020	2019
Assets		
Current		
Cash	\$ 1,651,371	\$ 1,170,635
Accounts receivable	298,489	218,839
Investments	52,083	17,083
Prepaid expenses	38,798	129,316
	2,040,741	1,535,873
Endowment investments	511,474	494,194
Capital Assets	6,702,599	5,743,898
Intangible assets	53,160	60,979
	\$ 9,307,974	\$ 7,834,944
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 588,444	\$ 603,926
Deferred revenue	339,388	436,208
Current portion of long-term debt	148,388	157,207
	1,076,220	1,197,341
Long-term debt	986,025	1,032,877
	2,062,245	2,230,218
Deferred contributions	674,643	695,152
Deferred contributions related to capital assets	4,461,583	3,065,682
	7,198,471	5,991,052
Net assets		
Endowments	494,499	494,194
Invested in capital assets	1,199,763	1,549,111
Operating	415,241	(199,413)
	2,109,503	1,843,892
	\$ 9,307,974	\$ 7,834,944

COVID-19 (Note 3)

Approved by the Board

DocuSigned by:

Chair
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Treasurer

Variety - The Children's Charity (Ontario)
Consolidated Statement of Changes in Net Assets
Year Ended September 30, 2020
(unaudited - see Notice to Reader)

	Endowments	Invested in Capital Assets	Operating	Total 2020	Total 2019
Net assets, beginning of year	\$ 494,194	\$ 1,549,111	\$ (199,413)	\$ 1,843,892	\$ 2,236,264
Excess (deficiency) of revenue over expenses	-	(432,141)	697,447	265,306	(392,658)
Deferred contributions received	-	(1,815,461)	1,815,461	-	-
Endowment income	305	-	-	305	286
Repayment of debt	-	95,671	(95,671)	-	-
Loss on write off of tangible capital assets	-	(1,785)	1,785	-	-
Purchase of capital assets	-	1,784,480	(1,784,480)	-	-
Purchase of intangible assets	-	19,888	(19,888)	-	-
Net assets, end of the year	\$ 494,499	\$ 1,199,763	\$ 415,241	\$ 2,109,503	\$ 1,843,892

Variety - The Children's Charity (Ontario)
Consolidated Statement of Operations
Year Ended September 30, 2020
(unaudited - see Notice to Reader)

	2020	2019
Revenue		
Fundraising, net (Schedule 1)	\$ 1,785,462	\$ 857,822
Fitness club membership	1,279,278	2,225,474
Provincial grant	1,000,000	1,000,000
Program fees and contributions	830,463	1,327,514
Government COVID-19 subsidies (Note 3)	807,432	-
Team fees and contributions	334,772	498,763
Rentals	170,500	220,071
Gaming operations, net (Schedule 8)	107,499	84,352
Other	69,074	94,483
Education	63,509	195,802
Investment income	29,535	11,676
	6,477,524	6,515,957
Expenses		
Fitness club (Schedule 2)	1,049,057	1,447,414
Programs (Schedule 3)	776,063	1,205,489
Teams (Schedule 4)	355,658	512,334
Education (Schedule 5)	149,929	244,722
Administration (Schedule 6)	1,400,282	1,335,909
Building services (Schedule 7)	1,578,294	1,247,185
	5,309,283	5,993,053
Excess of revenue over expenses before the undernoted	1,168,241	522,904
Interest expense	53,826	58,310
Amortization of capital assets	849,109	857,252
	902,935	915,562
Excess (deficiency) of revenue over expenses	\$ 265,306	\$ (392,658)

Variety - The Children's Charity (Ontario)
Consolidated Statement of Cash Flows
Year Ended September 30, 2020
(unaudited - see Notice to Reader)

	2020	2019
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 265,306	\$ (392,658)
Non-cash items:		
Amortization of capital and intangible assets	849,109	857,252
Amortization of deferred contributions	(1,403,887)	(695,046)
Amortization of deferred contributions related to capital assets	(419,560)	(407,195)
Loss on transfer of tangible capital assets to Variety - The Children's Charity (Ontario)	2,592	-
Deferred contributions received	1,383,378	888,370
Deferred contributions and transfers received related to capital assets	1,815,461	269,460
Change in non-cash operating balances	(101,434)	(50,633)
Endowment unrealized gain	(14,268)	-
Loss on write off of tangible capital assets	1,785	2,505
	2,378,482	472,055
Investing activities		
(Purchase) disposal of investments	(35,000)	44,752
Proceeds from sale of investments	-	578,744
Purchase of capital assets	(1,784,480)	(440,098)
Purchase of intangible assets	(19,888)	(32,599)
Endowment realized gain	(2,707)	-
	(1,842,075)	150,799
Financing activities		
Repayment of long-term debt	(95,671)	(150,993)
Proceeds from CEBA loan	40,000	-
	(55,671)	(150,993)
Net change in cash	480,736	471,861
Cash, beginning of year	1,170,635	698,774
Cash, end of year	\$ 1,651,371	\$ 1,170,635

Variety - The Children's Charity (Ontario)

Notes to Consolidated Financial Statements

September 30, 2020

(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. COVID-19

On March 11, 2020, the World Health Organization assessed the coronavirus outbreak (COVID-19) as a pandemic. In Canada, the Government of Ontario declared an emergency under s 7.01(1) of the Emergency Management and Civil Protection Act on March 17, 2020 with respect to COVID-19.

The Board of Directors and staff have been monitoring the effects of the pandemic on the Organization and have been working to maintain funding and donations during the regulated closures and restricted reopenings that effected this fiscal year. Delivery of programs and services are being reworked to align with the new regulations, as well as converting some programs to on-line offerings.

As the Organization pivots to new ways of delivering programs, it has also formed new partnerships for program delivery and fundraising. The Organization is working with the Boys and Girls Clubs to promote accessible programming and has partnered with Holland-Bloorview on a jointly sponsored progressive lottery.

Variety - The Children's Charity (Ontario)
Notes to Consolidated Financial Statements
September 30, 2020
(unaudited - see Notice to Reader)

3. COVID-19 (Cont'd)

Additionally, the Organization applied for and received federal and provincially funded subsidies. Revenue includes \$50,000 from TWSE (Temporary Wage Subsidy for Employers) and \$757,432 from CEWS (Canada Emergency Wage Subsidy). The Organization also qualified for and received \$40,000 from the CEBA loan (Canada Emergency Business Account). The Organization was further able to secure an EDC (Export Development Canada) guaranteed \$1,000,000 line of credit which has not been drawn upon as of September 30, 2020. With these measures the Organization has been able to maintain cash stability during this emergency.

As at the date of these financial statements, the extent to which COVID-19 impacts the Organization's results will depend on future developments, which are highly uncertain and cannot be predicted, and are dependent upon new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

4. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation. Excess (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, 2020
(unaudited - see Notice to Reader)

	Revenue	Expenses	2020	2019
Events				
Golf tournaments	\$ 14,648	\$ 2,930	\$ 11,718	\$ 150,043
Gala	125,472	42,295	83,177	105,944
World's Greatest Holiday Party	57,704	9,677	48,027	42,932
Toronto Sun Fund	46,243	-	46,243	32,040
Pizza Nova day	122,000	-	122,000	125,383
Other events	22,903	22,002	901	(8,473)
In the Spotlight	1,923	-	1,923	1,366
Raffles	114,005	87,062	26,943	22,850
	504,898	163,966	340,932	472,085
Annual campaigns				
Grants	3,618	-	3,618	6,573
Unsolicited contributions	161,559	5,625	155,934	173,501
Planned gifts	549,309	-	549,309	52,500
Direct mail	885	1,015	(130)	6,522
Corporate	15,834	-	15,834	6,223
Government grants	652,945	-	652,945	17,695
General fundraising	1,300	-	1,300	780
Grant amortization	341,305	-	341,305	346,434
	1,726,755	6,640	1,720,115	610,228
	2,231,653	170,606	2,061,047	1,082,313
Expenses				
Salaries and benefits			266,305	204,658
Professional fees			5,484	12,674
Employee related expenses			501	7,159
Office and general			3,295	-
			275,585	224,491
Excess of fundraising revenue over expenses			\$ 1,785,462	\$ 857,822

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Fitness Club Expenses - Schedule 2
Year Ended September 30, 2020
(unaudited - see Notice to Reader)

	2020	2019
Salaries and benefits	\$ 922,570	\$ 1,246,644
Employee related expenses	945	14,973
Cost of sales	47,866	90,963
Equipment, repairs and supplies	12,045	18,684
Office and general	65,631	76,150
	\$ 1,049,057	\$ 1,447,414

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Programs Expenses - Schedule 3
Year Ended September 30, 2020
(unaudited - see Notice to Reader)

	2020	2019
Salaries and benefits	\$ 712,222	\$ 1,099,837
Employee related expenses	2,550	13,965
Professional fees	1,453	4,254
Travel	12,579	12,195
Office and general	47,259	75,238
	\$ 776,063	\$ 1,205,489

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Teams Expenses - Schedule 4
Year Ended September 30, 2020
(unaudited - see Notice to Reader)

	2020	2019
Salaries and benefits	\$ 282,268	\$ 391,098
Employee related expenses	452	-
Travel	2,955	6,143
Tournament and registration costs	40,451	53,105
Office and general	29,532	61,988
	\$ 355,658	\$ 512,334

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Education Expenses - Schedule 5
Year Ended September 30, 2020
(unaudited - see Notice to Reader)

	2020	2019
Salaries and benefits	\$ 134,886	\$ 171,568
Employee related expenses	-	293
Office and general	15,043	72,861
	\$ 149,929	\$ 244,722

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Administration Expenses- Schedule 6
Year Ended September 30, 2020
(unaudited - see Notice to Reader)

	2020	2019
Salaries and benefits	\$ 941,081	\$ 910,979
Employee related expenses	2,788	4,742
Equipment repair and maintenance	-	1,560
Office and general	117,913	133,235
Insurance	186,706	174,330
Professional fees	151,794	111,063
	\$ 1,400,282	\$ 1,335,909

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Building Services Expenses - Schedule 7
Year Ended September 30, 2020
(unaudited - see Notice to Reader)

	2020	2019
Salaries and benefits	\$ 220,275	\$ 267,825
Employee related expenses	-	2,271
Equipment, repairs and supplies	730,865	178,772
Building supplies	43,390	67,027
Cleaning services	156,751	271,394
Utilities	426,398	455,217
Office and general	615	4,679
	\$ 1,578,294	\$ 1,247,185

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Gaming Operations - Schedule 8
Year Ended September 30, 2020
(unaudited - see Notice to Reader)

	2020	2019
Gross revenue		
Nevada	\$ 163,173	\$ 201,393
Less: Licence and management fees	55,674	117,041
Excess of gaming revenue over expenses	\$ 107,499	\$ 84,352