

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

Non-consolidated Financial Statements

For the Year Ended September 30, 2020



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Variety - The Children's Charity (Ontario)

Opinion

We have audited the non-consolidated financial statements of Variety - The Children's Charity (Ontario), (the Organization), which comprise the non-consolidated statement of financial position as at September 30, 2020 and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Organization as at September 30, 2020, and the results of its non-consolidated operations and its non-consolidated 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-consolidated 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 non-consolidated 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated 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 Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 generally accepted auditing standards 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 non-consolidated financial statements.

THE POWER OF BEING UNDERSTOOD
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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated 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 non-consolidated 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 non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

RSM Canada LLP


Chartered Professional Accountants
Licensed Public Accountants
December 16, 2020
Toronto, Ontario

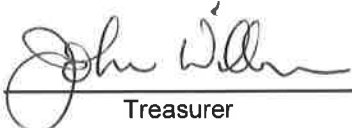
Variety - The Children's Charity (Ontario)
Non-consolidated Statement of Financial Position
As at September 30, 2020

	2020	2019
Assets		
Current		
Cash	\$ 1,498,628	\$ 695,606
Accounts receivable (Note 3)	47,965	127,912
Investments (Note 4)	52,083	17,083
Prepaid expenses	3,469	27,639
Due from related parties (Note 7)	150	18,021
	1,602,295	886,261
Endowment investments (Note 4)	403,870	389,006
Tangible capital assets (Note 5)	6,560,455	5,601,831
Intangible assets (Note 6)	53,160	60,979
	\$ 8,619,780	\$ 6,938,077
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 236,582	\$ 183,069
Current portion of long-term debt (Note 8)	148,388	157,207
Due to related parties (Note 7)	195,627	-
	580,597	340,276
Long-term debt (Note 8)	986,025	1,032,877
	1,566,622	1,373,153
Deferred contributions (Note 9)	202,645	236,759
Deferred contributions related to capital assets (Note 10)	4,325,994	2,930,318
	6,095,261	4,540,230
Net assets		
Endowments (Note 4)	389,006	389,006
Invested in capital assets	1,193,208	1,542,408
Operating	942,305	466,433
	2,524,519	2,397,847
	\$ 8,619,780	\$ 6,938,077

COVID-19 (Note 14)

Approved by the Board

DocuSigned by:

 Chair
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 Treasurer

See accompanying notes

Variety - The Children's Charity (Ontario)
Non-consolidated Statement of Changes in Net Assets
Year Ended September 30, 2020

	Endowments (Note 4)	Invested in Capital Assets	Operating	Total 2020	Total 2019
Net assets, beginning of year	\$ 389,006	\$ 1,542,408	\$ 466,433	\$ 2,397,847	\$ 2,474,582
Excess (deficiency) of revenue over expenses	-	(428,153)	554,825	126,672	(76,735)
Repayment of debt	-	95,671	(95,671)	-	-
Deferred contributions received related to capital assets (Note 10)	-	(1,727,966)	1,727,966	-	-
Purchase of tangible capital assets	-	1,693,145	(1,693,145)	-	-
Purchase of intangible capital assets	-	19,888	(19,888)	-	-
Loss on write off of tangible capital assets	-	(1,785)	1,785	-	-
Net assets, end of the year	\$ 389,006	\$ 1,193,208	\$ 942,305	\$ 2,524,519	\$ 2,397,847

Variety - The Children's Charity (Ontario)
Non-consolidated Statement of Operations
Year Ended September 30, 2020

	2020	2019
Revenue		
Fundraising, net (Schedule 1)	\$ 1,072,618	\$ 783,471
Government COVID-19 subsidies (Note 14)	276,032	-
Gaming operations, net (Schedule 2)	107,499	84,352
Program	105,381	60,551
Investment income	29,535	11,676
Other	12,843	2,123
	1,603,908	942,173
Administrative expenses		
Salaries and benefits	230,257	217,895
Programs (Schedule 3)	87,502	50,264
Professional fees	51,802	39,724
Interest on long-term debt (Note 8)	43,642	49,192
Office and general	38,559	46,174
Insurance	36,930	34,477
Amortization - program related	31,373	10,286
Interest and bank charges	10,184	9,118
	530,249	457,130
Excess of revenue over administrative expenses	1,073,659	485,043
Allocation of charitable activities (Notes 5, 6 and 7)	646,987	561,778
Program funding (Note 7)	300,000	-
Excess (deficiency) of revenue over expenses	\$ 126,672	\$ (76,735)

Variety - The Children's Charity (Ontario)
Non-consolidated Statement of Cash Flows
Year Ended September 30, 2020

	2020	2019
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 126,672	\$ (76,735)
Items not affecting cash		
Amortization of capital assets (Notes 5 and 6)	798,338	803,291
Amortization of deferred contributions related to capital assets (Note 10)	(370,185)	(356,720)
Amortization of deferred contributions (Note 9)	(209,139)	(163,740)
Change in non-cash operating balances (Note 11)	371,128	(37,498)
Deferred contributions received (Note 9)	175,025	322,349
Deferred contributions related to capital assets received (Note 10)	1,727,966	204,344
Endowment unrealized gain	(12,157)	-
Loss on write off of tangible capital assets	1,785	2,018
	2,609,433	697,309
Investing activities		
Purchase of investments	(35,000)	(179,109)
Proceeds from sale of investments	-	578,744
Purchase of tangible capital assets	(1,693,145)	(353,912)
Purchase of intangible capital assets	(19,888)	(32,599)
Endowment realized gain	(2,707)	-
	(1,750,740)	13,124
Financing activity		
Repayment of long-term debt	(95,671)	(150,993)
Proceeds from CEBA loan	40,000	-
	(55,671)	(150,993)
Net change in cash	803,022	559,440
Cash, beginning of year	695,606	136,166
Cash, end of year	\$ 1,498,628	\$ 695,606

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2020

1. NATURE OF THE ORGANIZATION

Variety - The Children's Charity (Ontario) (the "Organization") is incorporated under the laws of Ontario without share capital. 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 (the Facilities) and throughout communities across Ontario. In addition to delivering programs for the Organization, Variety Village operates a number of social enterprises to support the charitable mission of the Organization; including, a Fitness Club, the Rehabilitation to Community Program, an Active Aging Club, and an Adult Day Program.

The Organization exercises control over Variety Village and Variety Club of Ontario - Tent 28 ("Tent 28") by virtue of a common Board of Directors and through the Organization's control and direction of resources. These non-consolidated financial statements do not include the financial results of these two entities. The total assets, liabilities, revenue and expenses and cash flows from operating, financing and investing activities of the non-consolidated controlled entities as well as the entities' intended purpose is disclosed in Note 12.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions, which include donations, bequests, government grants and other revenue from special events and fundraising activities. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding to the amortization rate of the related capital assets.

Endowment contributions are recognized as direct increases in endowment net assets, and are required to be maintained on a permanent basis. Income derived therefrom is available to support the Organization's activities and is recorded in interest income on the statement of operations.

Revenue from gaming operations and interest is recognized as earned.

The value of donated materials and services (gifts in kind) is recorded in the financial statements when a fair value can be reasonably estimated, the materials and services are used in the normal course of operations, and would otherwise have been purchased. Donated materials and services in the amount of \$14,294 (2019 - \$12,012) were recorded in the accounts.

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Accounting

The accounts of the Organization are maintained in accordance with the principles of fund accounting in order to observe the limitations and restrictions placed on the use of available resources. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into separate funds in accordance with specified activities or objectives. The Organization has combined funds with similar characteristics into two major fund groups as follows:

- i) Endowments – consists of donations received that are permanent in nature (Note 4);
- ii) Operating – funds received primarily through the efforts of fundraising and are not restricted for any specific purpose except for restricted contributions accounted for using the deferral method of accounting.

Tangible Capital Assets

On October 1, 2019, the Organization prospectively adopted the new accounting standards for tangible capital assets held by not-for-profit organizations. As a result, when conditions indicate a tangible capital asset's carrying value is impaired, it will be written down to its fair value or replacement cost, with the write-down recorded as an expense. Write-downs will not be reversed.

Tangible capital assets of the Organization are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at the fair value at the date of the gift.

The Organization amortizes its tangible capital assets over their estimated useful lives as follows:

Building	40 years
Building improvements	20-30 years
Equipment	5 to 25 years
VOLT Equipment	5 years

Intangible Assets

On October 1, 2019, the Organization prospectively adopted the new accounting standard for intangible assets held by not-for-profit organizations. As a result, when conditions indicate an intangible asset's carrying value is impaired, it will be written down to its fair value or replacement cost, with the write-down recorded as an expense. Write-downs will not be reversed.

Intangible assets of the Organization are stated at cost less accumulated amortization. Contributed property is recorded at the fair value at the date of the gift.

The Organization amortizes its intangible assets over its estimated useful life of 3 years.

Volunteer Services

The efforts of volunteer workers are not reflected in the accompanying financial statements as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the Organization.

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for equity investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the excess (deficiency) of revenue over expenses.

Financial assets measured at amortized cost include cash, accounts receivable, endowment investments and investments. Financial liabilities measured at amortized cost include accounts payable, due to related parties, accrued liabilities and long-term debt.

Transaction costs and financing fees are expensed as incurred for financial instruments measured at fair value and capitalized for financial instruments that are subsequently measured at cost or amortized cost.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down, if any, is recognized in the excess (deficiency) of revenue over expenses. Reversals of impairment are recorded to the extent that the value has increased, up to the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the excess (deficiency) of revenue over expenses.

Management Estimates

The preparation of these non-consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the reporting date and the revenue and expenses reported for the year then ended. Significant estimates include the allocation of shared expenses with Variety Village. Actual results could differ from those estimates.

3. GOVERNMENT REMITTANCES AND REBATES

Government rebates of \$8,369 (2019 - \$32,788) are included in accounts receivable consisting of HST of \$8,369 (2019 - \$23,445) and EHT of \$NIL (2019 - \$9,343).

4. INVESTMENTS AND ENDOWMENT INVESTMENTS

Investments and endowment investments are comprised of the following:

	2020	2019
Investments		
Guaranteed investment certificate	\$ 35,000	\$ -
Time share - at cost	17,083	17,083
	\$ 52,083	\$ 17,083

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2020

4. INVESTMENTS AND ENDOWMENT INVESTMENTS (Cont'd)

	2020	2019
Endowment investments		
Interest bearing savings accounts	\$ -	\$ 389,006
Mutual funds	403,870	-
	\$ 403,870	\$ 389,006

The Organization has an irrevocable standby letter of credit for \$35,000 (Note 8) as a deposit held by Toronto Hydro. Securing this letter of credit the Organization holds a guaranteed investment certificate bearing interest at 1.15% and maturing March 18, 2021.

In adherence to the Organization's investment policy the endowment investments are held in various mutual funds and segregated by endowment fund.

All of the net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the principal be maintained intact. Investment income on the assets is used by the Organization for general purposes.

The balance of the endowment fund is \$389,006 (2019 - \$389,006).

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2020	Net 2019
Land	\$ 2	\$ -	\$ 2	\$ 2
Building	2,852,869	2,838,293	14,576	15,219
Building improvements	16,884,000	11,314,962	5,569,038	4,927,864
Equipment	2,900,764	2,050,531	850,233	538,662
VOLT Equipment	168,265	41,659	126,606	120,084
	\$ 22,805,900	\$ 16,245,445	\$ 6,560,455	\$ 5,601,831

Specific capital assets including land and building at 3701 Danforth Avenue are nominally owned by Variety Club of Ontario – Tent 28 ("Tent 28"). Tent 28 has no beneficial interest in the properties and is acting only as an agent for the Organization.

Amortization of \$739,259 (2019 - \$730,629) is included in allocation to charitable activities.

6. INTANGIBLE ASSETS

	Cost	Accumulated Amortization	Net 2020	Net 2019
Software	\$ 418,671	\$ 365,511	\$ 53,160	\$ 60,979

Amortization of \$27,706 (2019 - \$62,376) is included in allocation to charitable activities.

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2020

7. DUE (TO) FROM RELATED PARTY AND RELATED PARTY TRANSACTIONS

Due (to) from related parties consists of the following:

	2020	2019
Variety Village	\$ (195,627)	\$ 17,871
Variety Club of Ontario - Tent 28	150	150
	\$ (195,477)	\$ 18,021

Amounts due (to) from related parties are due on demand, unsecured and non-interest bearing.

The Organization funds approximately 13% (2019 - 10%) of Variety Village's revenue. The grant provided by the Organization to Variety Village for the year ended September 30, 2020 totalled \$646,987 (2019 - \$561,778).

Included in the grant are the following transactions -

- The facilities and other capital assets are held by the Organization for use by Variety Village. Variety Village recognizes the benefit in an amount equal to the amortization expense of the capital assets and intangible assets in the accounts of the Organization. The benefit allocated to Variety Village during the year was \$766,965 (2019 - \$793,005).
- Shared expenses with the Organization are recognized as related party transactions, including administration, fundraising, salaries and benefits, and office and general expenses. Variety Village has allocated fundraising salaries and benefits of \$219,670 (2019 - \$417,334) to the Organization.
- During the year, the Organization advanced cash of \$19,360 (2019 - \$233,148) to Variety Village.
- During the year, the Organization received a transfer of VOLT equipment from Variety Village at book value of \$37,895 (2019 - \$130,369), which was offset by a transfer of deferred capital contributions from the Organization to Variety Village for the same amount.
- Other miscellaneous transfers of revenues and reimbursements of expenses totalled \$62,461 from the Charity (2019 - \$47,041 from the Organization).

Consistent with the direction of the Board and in support of the Organization's strategic plan, all donations, fundraising and bequests are now exclusively directed to the Organization. As such, commencing with the year ended September 30, 2020 and annually thereafter, the Board has determined to best support Variety Village programming is by contributing to administration and fixed costs not covered by programming grants.

The program funding provided by the Organization to Variety Village for the year ended September 30, 2020 is approximately 30% of the program costs in the amount of \$300,000. A partial payment by the Organization during the year of \$120,000 results in a balance of \$180,000 included in the total balance due to the Organization as at September 30, 2020.

During the year the Organization contributed \$NIL (2019 - \$114) to Tent 28.

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2020

8. LONG-TERM DEBT

	2020	2019
Bank credit facility, bearing fixed interest at 3.85% per annum, with no prepayments permitted and due October 1, 2021, with monthly payments, including principal and interest, of \$13,588, based on 138 month amortization period. This debt is secured by the assets held by the Organization and the lender has first ranking over all personal property of the Organization. The debt is guaranteed by Tent 28 and Variety Village.	\$ 1,070,057	\$ 1,130,483
Capital improvement loan, bearing fixed interest at 4.33% per annum, due May 31, 2021 with monthly payments including principal and interest of \$3,094, based on a 60 month term. The debt is secured by the assets.	24,356	59,601
CEBA (Canada Emergency Business Account) loan is an interest-free loan of \$40,000 of which \$10,000 is eligible for complete forgiveness if \$30,000 is fully repaid on or before December 31, 2022. If the loan cannot be repaid by December 31, 2022, it will be converted into a 3-year term loan, charging an interest rate of 5%. Interest payments are then due monthly and the outstanding principal balance must be fully repaid no later than December 31, 2025, however repayment of some or all of the loan is permitted at any time.	40,000	-
	1,134,413	1,190,084
Less: Current portion	148,388	157,207
	\$ 986,025	\$ 1,032,877

Future principal repayments are as follows:

2021	\$ 148,388
2022 and thereafter	986,025
	\$ 1,134,413

Due to the COVID-19 pandemic, RBC, holding the bank credit facility, offered to defer the principal payments on the term loan for 6 months (April 1, 2020 to September 30, 2020). This proposal results in the extension of the amortization period by 6 months. The Organization accepted this offer for the entire period.

The Organization has a revolving line of credit with a maximum facility of \$1,000,000 guaranteed by EDC (Export Development Canada) bearing interest at bank prime plus 0% on any drawn balances (Note 14). The term is for 12 months and renewal for up to 60 months with an annual fee of 1.8%. During the fiscal year the credit line has not been drawn on and as at September 30, 2020 there is no balance drawn or outstanding.

The Organization has an irrevocable standby letter of credit for \$35,000 (2019 - \$35,000) as a deposit held by Toronto Hydro. As of September 30, 2020 (and September 30, 2019), the letter of credit has not been drawn upon.

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2020

8. LONG-TERM DEBT (Cont'd)

Banking Agreement

Bank balances of the group entities including the Organization, Variety Village and Tent 28 are assessed at a consolidated group level. The Group would be charged interest if there is an overdraft position at the group level. At the reporting date there is no overdraft position at the overall group level. The EDC (Export Development Canada) guaranteed revolving line of credit with a maximum facility of \$1,000,000 mentioned above, is part of the consolidated group banking agreement. As security for this banking agreement, the Organization has provided a general security agreement providing second-priority interest, subject to the first charge held by RBC described above, of not more than \$1,200,000 in all present and future personal property of the Organization.

On May 11, 2020 the standby letter of credit, held by Toronto Hydro, for \$35,000 was transferred from RBC to CIBC. The \$60,000 credit facility was used in order to obtain this letter of credit for \$35,000 as described above. As of September 30, 2020, there is no balance drawn or outstanding.

9. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted donations related to expenses of future periods.

	2020	2019
Balance, beginning of year	\$ 236,759	\$ 78,150
Amounts received during the year	175,025	322,349
Amounts recognized as revenue in the year	(209,139)	(163,740)
Balance, end of year	\$ 202,645	\$ 236,759

10. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred capital contributions relate to contributions received (including government grants) for purchases of capital assets and are recognized as revenue on a straight-line basis based on the amortization rate of the related assets.

	2020	2019
Balance, beginning of year	\$ 2,930,318	\$ 2,952,324
Contributions received	1,727,966	204,344
Contributions transferred from Variety Village	37,895	130,370
Amounts recognized as revenue in the year	(370,185)	(356,720)
Balance, end of year	\$ 4,325,994	\$ 2,930,318

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2020

11. CHANGES IN NON-CASH OPERATING BALANCES

	2020	2019
(Increase) decrease in accounts receivable	\$ 79,947	\$ (98,419)
(Increase) decrease in prepaid expenses	24,170	(6,657)
(Increase) decrease in due from related parties	213,498	73,580
Increase (decrease) in accounts payable and accrued liabilities	53,513	(6,002)
	\$ 371,128	\$ (37,498)

12. NON-CONSOLIDATED CONTROLLED ENTITIES

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. Both entities are registered under the Laws of Ontario as corporations without share capital. Variety Village is a not-for-profit organization and is engaged in providing physically integrated activity programs for disabled and able-bodied participants to improve body function, fitness and social well-being. Variety Club of Ontario - Tent 28 is a not-for-profit organization, which coordinated the membership and general activities of the Variety Club. These functions have been transferred to the Organization. Variety Village is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes. Variety Club of Ontario - Tent 28 as a not-for-profit entity is also exempt from income taxes.

These non-consolidated financial statements do not include the financial results of these two entities.

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2020

12. NON-CONSOLIDATED CONTROLLED ENTITIES (Cont'd)

Significant financial information is as follows:

	Variety Village	Variety Club of Ontario - Tent 28	Total 2020	Total 2019
Financial position				
Assets	\$ 883,880	\$ 91	\$ 883,971	\$ 914,888
Liabilities	1,298,837	150	1,298,987	1,468,843
Total net assets (deficiency)	\$ (414,957)	\$ (59)	\$ (415,016)	\$ (553,955)
			2020	2019
Total revenue	\$ 5,820,603	\$ -	\$ 5,820,603	\$ 6,135,562
Total expenses	5,681,929	40	5,681,969	6,451,485
Excess (deficiency) of revenue over expenses	\$ 138,674	\$ (40)	\$ 138,634	\$ (315,923)
Cash from (used in)				
Operating activities	\$ (230,911)	\$ (40)	\$ (230,951)	\$ (225,254)
Investing activities	(91,335)	-	(91,335)	137,675
Increase (decrease) in cash	\$ (322,246)	\$ (40)	\$ (322,286)	\$ (87,579)

13. FINANCIAL INSTRUMENTS

Bank Agreement

The bank agreement with the Organization (see Note 8) permits the overdraft and pooling of accounts to arrive at a single consolidated position.

Credit Risk

The Organization's principal financial assets are cash and accounts receivable, all of which are subject to credit risk. The credit risk associated with cash is mitigated by depositing cash with major financial institutions. Accounts receivable is exposed to credit risk in the event of non-payment for their accounts receivable. Management has adopted credit policies in an effort to minimize those risks.

Interest Rate Risk and Market Risk

The Organization is subject to interest rate risk on its fixed rate long term debt with rates of 3.85% and 4.33% (see Note 8) and to market risk on its investments (see Note 4). Interest rate and market risks result from changes in fair value due to market fluctuations in interest rates.

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2020

14. 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 7.0.1 (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 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.

Additionally, the Organization applied for and received federal and provincially funded subsidies. Revenue includes \$25,000 from TWSE (Temporary Wage Subsidy for Employers) and \$251,032 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.

Variety - The Children's Charity (Ontario)
Non-consolidated Schedule of Fundraising - Schedule 1
Year Ended September 30, 2020

	Revenue	Expenses	2020 Net	2019 Net
Events				
Golf tournaments	\$ 14,648	\$ 2,930	\$ 11,718	\$ 150,043
Pizza Nova Day	122,000	-	122,000	125,183
In the Spotlight	1,923	-	1,923	1,366
Toronto Sun Fund	46,243	-	46,243	32,040
Gala	125,472	42,295	83,177	105,944
World's Greatest Holiday Party	57,704	9,677	48,027	42,932
Raffles	114,005	87,062	26,943	22,848
Other events	22,453	22,002	451	(1,670)
	504,448	163,966	340,482	478,686
Annual campaigns				
General fundraising	1,300	-	1,300	780
Unsolicited contributions	85,300	4,542	80,758	80,172
Planned gifts	549,309	-	549,309	52,500
Direct mail	835	1,015	(180)	6,216
Corporate	15,834	-	15,834	6,223
Government Grants	1,480	-	1,480	-
Grants	3,618	-	3,618	-
Grant amortization	338,813	-	338,813	346,434
	996,489	5,557	990,932	492,325
	\$ 1,500,937	\$ 169,523	1,331,414	971,011
Expenses				
Salaries and benefits			249,516	172,042
Professional fees			5,484	11,794
Office and general			3,295	3,704
Employee related expenses			501	-
			258,796	187,540
Excess of fundraising revenue over expenses			\$ 1,072,618	\$ 783,471

Variety - The Children's Charity (Ontario)
Non-consolidated Schedule of Gaming Operations - Schedule 2
Year Ended September 30, 2020

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

Variety - The Children's Charity (Ontario)
Schedule of Program Expenses - Schedule 3
Year Ended September 30, 2020

	2020	2019
Program salaries	\$ 79,043	\$ 49,181
Travel	8,459	1,083
Total program expenses	\$ 87,502	\$ 50,264