

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

Consolidated Financial Statements

(unaudited - see Notice to Reader)

For the Year Ended September 30, 2019



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, 2019 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 18, 2018
Toronto, Ontario

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

Variety - The Children's Charity (Ontario)
Consolidated Statement of Financial Position
As at September 30, 2019
(unaudited - see Notice to Reader)

| | 2019 | 2018 |
|------------------------------|---------------------|---------------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents | \$ 1,170,635 | \$ 698,774 |
| Accounts receivable | 218,839 | 108,197 |
| Investments | 17,083 | 640,990 |
| Prepaid expenses | 129,316 | 102,315 |
| | 1,535,873 | 1,550,276 |
| Endowment investments | 494,194 | 493,908 |
| Capital assets | 5,743,898 | 6,101,180 |
| Intangible assets | 60,979 | 90,757 |
| | \$ 7,834,944 | \$ 8,236,121 |

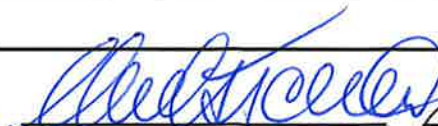
Liabilities


| | | |
|---|------------------|------------------|
| Current | | |
| Accounts payable and accrued liabilities | \$ 603,926 | \$ 510,987 |
| Deferred revenue | 436,208 | 442,138 |
| Current portion of long-term debt | 157,207 | 150,829 |
| | 1,197,341 | 1,103,954 |
| Long-term debt | 1,032,877 | 1,190,248 |
| | 2,230,218 | 2,294,202 |
| Deferred contributions | 695,152 | 502,239 |
| Deferred contributions related to capital assets | 3,065,682 | 3,203,416 |
| | 5,991,052 | 5,999,857 |

Net assets

| | | |
|-----------------------------------|---------------------|---------------------|
| Endowments | 494,194 | 493,908 |
| Invested in capital assets | 1,549,111 | 1,647,444 |
| Operating | (199,413) | 94,912 |
| | 1,843,892 | 2,236,264 |
| | \$ 7,834,944 | \$ 8,236,121 |

Approved by the Board


Chair


Treasurer

Variety - The Children's Charity (Ontario)
Consolidated Statement of Changes in Net Assets
Year Ended September 30, 2019
(unaudited - see Notice to Reader)

| | Endowments | Invested in Capital Assets | Operating | Total 2019 | Total 2018 |
|--|-------------------|----------------------------------|---------------------|---------------------|---------------------|
| Net assets, beginning of year | \$ 493,908 | \$ 1,647,444 | \$ 94,912 | \$ 2,236,264 | \$ 2,866,132 |
| Excess (deficiency) of revenue over expenses | - | (450,058) | 57,400 | (392,658) | (603,401) |
| Deferred contributions received | - | (269,460) | 269,460 | - | 15,008 |
| Endowment income | 286 | - | - | 286 | - |
| Repayment of debt | - | 150,993 | (150,993) | - | (14,475) |
| Loss on write off of capital assets | - | (2,505) | 2,505 | - | - |
| Purchase of capital assets | - | 440,098 | (440,098) | - | - |
| Purchase of intangible assets | - | 32,599 | (32,599) | - | - |
| Net assets, end of the year | \$ 494,194 | \$ 1,549,111 | \$ (199,413) | \$ 1,843,892 | \$ 2,263,264 |

Variety - The Children's Charity (Ontario)
Consolidated Statement of Operations
Year Ended September 30, 2019
(unaudited - see Notice to Reader)

| | 2019 | 2018 |
|--|---------------------|---------------------|
| Revenue | | |
| Fitness club membership | \$ 2,225,474 | \$ 2,041,343 |
| Program fees and contributions | 1,327,514 | 1,197,403 |
| Provincial grant | 1,000,000 | 1,000,000 |
| Fundraising, net (Schedule 1) | 857,822 | 835,183 |
| Team fees and contributions | 498,763 | 527,012 |
| Rental | 220,071 | 221,749 |
| Education | 195,802 | 157,831 |
| Other | 94,483 | 90,290 |
| Gaming operations, net (Schedule 8) | 84,352 | 124,349 |
| Interest | 11,676 | 11,080 |
| | 6,515,957 | 6,206,240 |
| Expenses | | |
| Fitness club (Schedule 2) | 1,447,414 | 1,407,534 |
| Administration (Schedule 6) | 1,335,909 | 1,403,801 |
| Building services (Schedule 7) | 1,247,185 | 1,233,270 |
| Programs (Schedule 3) | 1,205,489 | 1,096,804 |
| Teams (Schedule 4) | 512,334 | 560,756 |
| Education (Schedule 5) | 244,722 | 213,482 |
| | 5,993,053 | 5,915,647 |
| Excess of revenue over expenses before the undernoted | 522,904 | 290,593 |
| Interest expense | 58,310 | 64,896 |
| Amortization of capital assets | 857,252 | 856,098 |
| | 915,562 | 920,994 |
| Deficiency of revenue over expenses | \$ (392,658) | \$ (630,401) |

Variety - The Children's Charity (Ontario)
Consolidated Statement of Cash Flows
Year Ended September 30, 2019
(unaudited - see Notice to Reader)

| | 2019 | 2018 |
|---|---------------------|--------------------|
| Operating activities | | |
| Deficiency of revenue over expenses | \$ (392,658) | \$ (630,401) |
| Non-cash items: | | |
| Amortization of capital and intangible assets | 857,252 | 856,098 |
| Amortization of deferred contributions | (695,046) | (489,750) |
| Amortization of deferred contributions related to capital assets | (407,195) | (339,108) |
| Deferred contributions received | 888,370 | 656,574 |
| Deferred contributions and transfers received related to capital assets | 269,460 | 419,583 |
| Change in non-cash operating balances | (50,633) | 91,856 |
| Loss on write off of capital assets | 2,505 | - |
| | 472,055 | 564,852 |
| Investing activities | | |
| (Purchase) Disposal of investments | 44,752 | (63,600) |
| Proceeds from sale of investments | 578,744 | 3,820 |
| Purchase of capital assets | (440,098) | (992,259) |
| Purchase of intangible assets | (32,599) | (17,546) |
| | 150,799 | (1,069,585) |
| Financing activities | | |
| Endowment contributions received | - | 15,008 |
| Repayment of long-term debt | (150,993) | (144,602) |
| | (150,993) | (129,594) |
| Net change in cash and cash equivalents | 471,861 | (634,327) |
| Cash and cash equivalents, beginning of year | 698,774 | 1,333,101 |
| Cash and cash equivalents, end of year | \$ 1,170,635 | \$ 698,774 |

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, 2019
(unaudited - see Notice to Reader)

| | Revenue | Expenses | 2019 | 2018 |
|--|------------------|----------------|-------------------|-------------------|
| Events | | | | |
| Golf tournaments | \$ 156,755 | \$ 6,712 | \$ 150,043 | \$ 119,083 |
| Gala | 155,500 | 49,556 | 105,944 | 79,388 |
| World's Greatest Holiday Party | 54,569 | 11,637 | 42,932 | 45,308 |
| Toronto Sun Fund | 33,166 | 1,126 | 32,040 | 35,753 |
| Pizza Nova day | 134,180 | 8,797 | 125,383 | 112,675 |
| Other events | 5,793 | 14,266 | (8,473) | 9,060 |
| In the Spotlight | 7,934 | 6,568 | 1,366 | 4,345 |
| Raffles | 49,402 | 26,552 | 22,850 | 26,745 |
| | 597,299 | 125,214 | 472,085 | 432,357 |
| Annual campaigns | | | | |
| Unsolicited contributions | 189,042 | 15,541 | 173,501 | 137,340 |
| Planned gifts | 52,500 | - | 52,500 | 71,319 |
| Direct mail | 21,851 | 15,329 | 6,522 | 19,072 |
| Corporate | 6,223 | - | 6,223 | 14,640 |
| Government grants | 24,268 | - | 24,268 | 14,012 |
| General fundraising | 780 | - | 780 | - |
| Grant amortization | 346,434 | - | 346,434 | 339,108 |
| Allocation of revenue (to) from deferred revenue | - | - | - | 3,000 |
| | 641,098 | 30,870 | 610,228 | 598,491 |
| | 1,238,397 | 156,084 | 1,082,313 | 1,030,848 |
| Expenses | | | | |
| Salaries and benefits | | | 204,658 | 60,906 |
| Professional fees | | | 12,674 | 124,031 |
| Employee related expenses | | | 7,159 | 10,728 |
| | | | 224,491 | 195,665 |
| Excess of fundraising revenue over expenses | | | \$ 857,822 | \$ 835,183 |

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Fitness Club Expenses - Schedule 2
Year Ended September 30, 2019
(unaudited - see Notice to Reader)

| | 2019 | 2018 |
|---------------------------------|---------------------|---------------------|
| Salaries and benefits | \$ 1,246,644 | \$ 1,195,403 |
| Employee related expenses | 14,973 | - |
| Cost of sales | 90,963 | 95,734 |
| Equipment, repairs and supplies | 18,684 | 20,904 |
| Office and general | 76,150 | 95,493 |
| | \$ 1,447,414 | \$ 1,407,534 |

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Programs Expenses - Schedule 3
Year Ended September 30, 2019
(unaudited - see Notice to Reader)

| | 2019 | 2018 |
|---------------------------|---------------------|---------------------|
| Salaries and benefits | \$ 1,099,837 | \$ 998,796 |
| Employee related expenses | 13,965 | 6,307 |
| Professional fees | 4,254 | 9,729 |
| Travel | 12,195 | 11,629 |
| Office and general | 75,238 | 70,343 |
| | \$ 1,205,489 | \$ 1,096,804 |

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Teams Expenses - Schedule 4
Year Ended September 30, 2019
(unaudited - see Notice to Reader)

| | 2019 | 2018 |
|-----------------------------------|-------------------|-------------------|
| Salaries and benefits | \$ 391,098 | \$ 427,726 |
| Employee related expenses | - | 590 |
| Travel | 6,143 | 2,573 |
| Tournament and registration costs | 53,105 | 50,179 |
| Office and general | 61,988 | 79,688 |
| | \$ 512,334 | \$ 560,756 |

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Education Expenses - Schedule 5
Year Ended September 30, 2019
(unaudited - see Notice to Reader)

| | 2019 | 2018 |
|---------------------------|-------------------|-------------------|
| Salaries and benefits | \$ 171,568 | \$ 195,807 |
| Employee related expenses | 293 | - |
| Office and general | 72,861 | 17,675 |
| | \$ 244,722 | \$ 213,482 |

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Administration Expenses- Schedule 6
Year Ended September 30, 2019
(unaudited - see Notice to Reader)

| | 2019 | 2018 |
|----------------------------------|---------------------|---------------------|
| Salaries and benefits | \$ 910,979 | \$ 987,084 |
| Employee related expenses | 4,742 | 5,399 |
| Equipment repair and maintenance | 1,560 | 348 |
| Office and general | 133,235 | 109,754 |
| Insurance | 174,330 | 165,319 |
| Professional fees | 111,063 | 135,897 |
| | \$ 1,335,909 | \$ 1,403,801 |

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Building Services Expenses - Schedule 7
Year Ended September 30, 2019
(unaudited - see Notice to Reader)

| | 2019 | 2018 |
|---------------------------------|---------------------|---------------------|
| Salaries and benefits | \$ 267,825 | \$ 345,133 |
| Employee related expenses | 2,271 | 598 |
| Equipment, repairs and supplies | 178,772 | 171,970 |
| Building supplies | 67,027 | 51,442 |
| Cleaning services | 271,394 | 202,450 |
| Utilities | 455,217 | 458,365 |
| Professional fees | - | 46 |
| Office and general | 4,679 | 3,266 |
| | \$ 1,247,185 | \$ 1,233,270 |

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Gaming Operations - Schedule 8
Year Ended September 30, 2019
(unaudited - see Notice to Reader)

| | 2019 | 2018 |
|---|------------------|-------------------|
| Gross revenue | | |
| Nevada | \$ 201,393 | \$ 269,298 |
| Less: Licence and management fees | 117,041 | 144,949 |
| Excess of gaming revenue over expenses | \$ 84,352 | \$ 124,349 |