

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

Consolidated Financial Statements

(unaudited - see Notice to Reader)

For the Year Ended September 30, 2021



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, 2021 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 15, 2021
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, 2021
(unaudited - see Notice to Reader)

	2021	2020
Assets		
Current		
Cash	\$ 1,649,614	\$ 1,651,371
Accounts receivable	299,914	298,489
Investments	52,083	52,083
Prepaid expenses	26,192	38,798
	2,027,803	2,040,741
Endowment investments	550,923	511,474
Capital Assets	6,213,534	6,702,599
Intangible assets	38,874	53,160
	\$ 8,831,134	\$ 9,307,974

Liabilities


Current		
Accounts payable and accrued liabilities	\$ 422,705	\$ 588,444
Deferred revenue	378,060	339,388
Current portion of long-term debt	126,500	148,388
	927,265	1,076,220
Long-term debt	852,821	986,025
	1,780,086	2,062,245
Deferred contributions	658,996	674,643
Deferred contributions related to capital assets	4,381,469	4,461,583
	6,820,551	7,198,471

Net assets

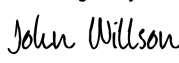
Endowments	494,782	494,499
Invested in capital assets	921,618	1,199,763
Operating	594,183	415,241
	2,010,583	2,109,503
	\$ 8,831,134	\$ 9,307,974

COVID-19 (Note 3)

Approved by the Board

DocuSigned by:

3C7802056AB94F2...

Chair

DocuSigned by:

F21C2F7A014E4F5...

Treasurer

Variety - The Children's Charity (Ontario)
Consolidated Statement of Changes in Net Assets
Year Ended September 30, 2021
(unaudited - see Notice to Reader)

	Endowments	Invested in Capital Assets	Operating	Total 2021	Total 2020
Net assets, beginning of year	\$ 494,499	\$ 1,199,763	\$ 415,241	\$ 2,109,503	\$ 1,843,892
Excess (deficiency) of revenue over expenses	-	(329,357)	230,154	(99,203)	265,306
Deferred contributions received	-	(381,921)	381,921	-	-
Endowment income	283	-	-	283	305
Repayment of debt	-	145,092	(145,092)	-	-
Purchase of capital assets	-	267,959	(267,959)	-	-
Purchase of intangible assets	-	20,082	(20,082)	-	-
Net assets, end of the year	\$ 494,782	\$ 921,618	\$ 594,183	\$ 2,010,583	\$ 2,109,503

Variety - The Children's Charity (Ontario)
Consolidated Statement of Operations
Year Ended September 30, 2021
(unaudited - see Notice to Reader)

	2021	2020
Revenue		
Government COVID-19 subsidies (Note 3)	\$ 1,097,407	\$ 807,432
Fundraising, net (Schedule 1)	1,074,910	1,785,462
Provincial grant	1,000,000	1,000,000
Program fees and contributions	945,365	830,463
Fitness club membership	316,713	1,279,278
Team fees and contributions	175,178	334,772
Education	121,601	63,509
Rentals	85,278	170,500
Gaming operations, net (Schedule 8)	81,297	107,499
Other	39,623	69,074
Investment income	18,854	29,535
	4,956,226	6,477,524
Expenses		
Fitness club (Schedule 2)	776,066	1,049,057
Programs (Schedule 3)	991,623	776,063
Teams (Schedule 4)	196,737	355,658
Education (Schedule 5)	126,908	149,929
Administration (Schedule 6)	1,276,345	1,400,282
Building services (Schedule 7)	817,629	1,578,294
	4,185,308	5,309,283
Excess of revenue over expenses before the undernoted	770,918	1,168,241
Interest expense	78,729	53,826
Amortization of capital assets	791,392	849,109
	870,121	902,935
Excess (deficiency) of revenue over expenses	\$ (99,203)	\$ 265,306

Variety - The Children's Charity (Ontario)
Consolidated Statement of Cash Flows
Year Ended September 30, 2021
(unaudited - see Notice to Reader)

	2021	2020
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (99,203)	\$ 265,306
Non-cash items:		
Amortization of capital and intangible assets	791,392	849,109
Amortization of deferred contributions	(1,495,621)	(1,403,887)
Amortization of deferred contributions related to capital assets	(456,021)	(419,560)
Loss on transfer of tangible capital assets to Variety - The Children's Charity (Ontario)	-	2,592
CEBA loan forgivable portion	(10,000)	-
Deferred contributions received	1,479,974	1,383,378
Deferred contributions and transfers received related to capital assets	375,907	1,815,461
Change in non-cash operating balances	(115,886)	(101,434)
Endowment unrealized gain	(26,889)	(14,268)
Endowment investment distributions received	(12,277)	-
Loss on write off of tangible capital assets	-	1,785
	431,376	2,378,482
Investing activities		
(Purchase) disposal of investments	-	(35,000)
Purchase of capital assets	(267,959)	(1,784,480)
Purchase of intangible assets	(20,082)	(19,888)
Endowment realized gain	-	(2,707)
	(288,041)	(1,842,075)
Financing activities		
Repayment of long-term debt	(145,092)	(95,671)
Proceeds from CEBA loan	-	40,000
	(145,092)	(55,671)
Net change in cash	(1,757)	480,736
Cash, beginning of year	1,651,371	1,170,635
Cash, end of year	\$ 1,649,614	\$ 1,651,371

Variety - The Children's Charity (Ontario)

Notes to Consolidated Financial Statements

September 30, 2021

(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 (COVID19) 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 COVID19. On June 9, 2021 the Government of Ontario revoked this act, however, the essence of the emergency state has been retained with the majority of restrictions remaining under a separate law, the Reopening Ontario Act (ROA). It provides for the same unilateral emergency authority to the Premier as did the emergency act. The ROA has been enacted and set to expire in December 2021.

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.

Variety - The Children's Charity (Ontario)

Notes to Consolidated Financial Statements

September 30, 2021

(unaudited - see Notice to Reader)

3. COVID-19 (Cont'd)

While the Organization expands its fundraising opportunities, it also continues to creatively find new ways to deliver its programming through partnerships. The Organization is looking to expand its camps through the Boys and Girls Club and has launched a virtual Children in Motion program that can serve kids with disabilities throughout the Province. The Organization does not expect another lockdown and will continue to increase capacity numbers in line with Provincial permissions.

Membership renewal continues and interest in the Organization's programs remains strong. The Organization is actively looking for satellite space in order to expand the camp program. Since its camps have been able to operate throughout the duration of the pandemic, the expansion plan is low risk.

Additionally, the Organization applied for and received federal and provincially funded subsidies. Revenue includes \$Nil (2020-\$42,875) from TWSE (Temporary Wage Subsidy for Employers), \$1,073,682 (2020-\$764,557) from CEWS (Canada Emergency Wage Subsidy) and \$13,725 (2020-\$NIL) from CRHP (Canada Recovery Hiring Program). Last fiscal year the Organization applied for and received \$40,000 from the Canada Emergency Business Account (CEBA). The forgivable portion of the CEBA loan of \$10,000 has been included in revenue in Government COVID-19 assistance in the current year. Included in accounts receivable at year-end are the Canada Emergency Wage Subsidy of \$4,323 (2020 - \$108,367), and the Canada Recovery Hiring Program \$13,725 (2020 - \$Nil).

The Organization secured an EDC (Export Development Canada) guaranteed \$1,000,000 line of credit in July 2020, which has not been drawn upon as of September 30, 2021. With these measures the Organization has been able to maintain cash stability during this emergency.

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Fundraising - Schedule 1
Year Ended September 30, 2021
(unaudited - see Notice to Reader)

	Revenue	Expenses	2021	2020
Events				
Golf tournaments	\$ 30,500	\$ -	\$ 30,500	\$ 11,718
Gala	-	333	(333)	83,177
World's Greatest Holiday Party	20,010	343	19,667	48,027
Toronto Sun Fund	77,218	1,000	76,218	46,243
Pizza Nova day	202,202	5,000	197,202	122,000
Other events	51,477	21,883	29,594	901
In the Spotlight	-	-	-	1,923
Raffles	29,120	25,311	3,809	26,943
	410,527	53,870	356,657	340,932
Annual campaigns				
Grants	13,943	-	13,943	3,618
Unsolicited contributions	317,885	7,191	310,694	155,934
Planned gifts	86,043	-	86,043	549,309
Direct mail	8,680	3,208	5,472	(130)
Corporate	-	-	-	15,834
Government grants	156,013	-	156,013	652,945
General fundraising	-	-	-	1,300
Grant amortization	370,208	-	370,208	341,305
	952,772	10,399	942,373	1,720,115
	1,363,299	64,269	1,299,030	2,061,047
Expenses				
Salaries and benefits			220,700	266,305
Professional fees			1,804	5,484
Employee related expenses			-	501
Office and general			1,616	3,295
			224,120	275,585
Excess of fundraising revenue over expenses			\$ 1,074,910	\$ 1,785,462

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Fitness Club Expenses - Schedule 2
Year Ended September 30, 2021
(unaudited - see Notice to Reader)

	2021	2020
Salaries and benefits	\$ 735,606	\$ 922,570
Employee related expenses	2,831	945
Cost of sales	6,701	47,866
Equipment, repairs and supplies	6,640	12,045
Office and general	24,288	65,631
	\$ 776,066	\$ 1,049,057

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Programs Expenses - Schedule 3
Year Ended September 30, 2021
(unaudited - see Notice to Reader)

	2021	2020
Salaries and benefits	\$ 687,658	\$ 712,222
Employee related expenses	4,340	2,550
Professional fees	132	1,453
Program expenses	264,253	12,579
Office and general	35,240	47,259
	\$ 991,623	\$ 776,063

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Teams Expenses - Schedule 4
Year Ended September 30, 2021
(unaudited - see Notice to Reader)

	2021	2020
Salaries and benefits	\$ 163,892	\$ 282,268
Employee related expenses	-	452
Program expenses	-	2,955
Tournament and registration costs	16,777	40,451
Office and general	16,068	29,532
	\$ 196,737	\$ 355,658

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Education Expenses - Schedule 5
Year Ended September 30, 2021
(unaudited - see Notice to Reader)

	2021	2020
Salaries and benefits	\$ 86,709	\$ 134,886
Office and general	40,199	15,043
	\$ 126,908	\$ 149,929

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Administration Expenses- Schedule 6
Year Ended September 30, 2021
(unaudited - see Notice to Reader)

	2021	2020
Salaries and benefits	\$ 817,314	\$ 941,081
Employee related expenses	1,584	2,788
Office and general	83,239	117,913
Insurance	197,606	186,706
Professional fees	176,602	151,794
	\$ 1,276,345	\$ 1,400,282

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Building Services Expenses - Schedule 7
Year Ended September 30, 2021
(unaudited - see Notice to Reader)

	2021	2020
Salaries and benefits	\$ 201,782	\$ 220,275
Equipment, repairs and maintenance	134,598	730,865
Building supplies	19,192	43,390
Cleaning services	83,406	156,751
Utilities	375,246	426,398
Office and general	3,405	615
	\$ 817,629	\$ 1,578,294

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Gaming Operations - Schedule 8
Year Ended September 30, 2021
(unaudited - see Notice to Reader)

	2021	2020
Gross revenue		
Nevada	\$ 138,876	\$ 163,173
Less: Licence and management fees	57,579	55,674
Excess of gaming revenue over expenses	\$ 81,297	\$ 107,499