

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

Non-consolidated Financial Statements

For the Year Ended September 30, 2021

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, 2021 and the non-consolidated statements of changes in net assets, operations, 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, 2021, 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.

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 15, 2021
Toronto, Ontario

Variety - The Children's Charity (Ontario)
Non-consolidated Statement of Financial Position
As at September 30, 2021

	2021	2020
Assets		
Current		
Cash	\$ 1,314,783	\$ 1,498,628
Accounts receivable (Note 3)	58,895	47,965
Investments (Note 4)	52,083	52,083
Prepaid expenses	8,247	3,469
Due from related parties (Note 7)	150	150
	1,434,158	1,602,295
Endowment investments (Note 4)	431,751	403,870
Tangible capital assets (Note 5)	6,072,947	6,560,455
Intangible assets (Note 6)	38,874	53,160
	\$ 7,977,730	\$ 8,619,780

Liabilities


Current		
Accounts payable and accrued liabilities	\$ 112,359	\$ 236,582
Current portion of long-term debt (Note 8)	126,500	148,388
Due to related parties (Note 7)	-	195,627
	238,859	580,597
Long-term debt (Note 8)	852,821	986,025
	1,091,680	1,566,622
Deferred contributions (Note 9)	220,938	202,645
Deferred contributions related to capital assets (Note 10)	4,247,435	4,325,994
	5,560,053	6,095,261

Net assets

Endowments (Note 4)	389,006	389,006
Invested in capital assets	915,065	1,193,208
Operating	1,113,606	942,305
	2,417,677	2,524,519
	\$ 7,977,730	\$ 8,619,780

COVID-19 (Note 14)

Approved by the Board

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Chair

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Treasurer

Variety - The Children's Charity (Ontario)
Non-consolidated Statement of Changes in Net Assets
Year Ended September 30, 2021

	Endowments	Invested in Capital Assets	Operating	Total 2021	Total 2020
	(Note 4)				
Net assets, beginning of year	\$ 389,006	\$ 1,193,208	\$ 942,305	\$ 2,524,519	\$ 2,397,847
Excess (deficiency) of revenue over expenses	-	(326,602)	219,760	(106,842)	126,672
Repayment of debt	-	145,092	(145,092)	-	-
Deferred contributions received related to capital assets (Note 10)	-	(337,805)	337,805	-	-
Purchase of tangible capital assets	-	221,090	(221,090)	-	-
Purchase of intangible capital assets	-	20,082	(20,082)	-	-
Net assets, end of the year	\$ 389,006	\$ 915,065	\$ 1,113,606	\$ 2,417,677	\$ 2,524,519

Variety - The Children's Charity (Ontario)**Non-consolidated Statement of Operations****Year Ended September 30, 2021**

	2021	2020
Revenue		
Fundraising, net (Schedule 1)	\$ 1,000,708	\$ 1,072,618
Government COVID-19 subsidies (Note 14)	343,894	276,032
Program	171,448	105,381
Gaming operations, net (Schedule 2)	81,297	107,499
Investment income	18,854	29,535
Other	18,981	12,843
	1,635,182	1,603,908
Expenses		
Programs (Schedule 3)	337,149	87,502
Salaries and benefits	198,133	230,257
Professional fees	61,531	51,802
Amortization - program related	45,125	31,373
Interest on long-term debt (Note 8)	42,728	43,642
Insurance	38,990	36,930
Interest and bank charges	36,001	10,184
Office and general	25,209	38,559
	784,866	530,249
Excess of revenue over expenses before the undernoted	850,316	1,073,659
Allocation of charitable activities (Notes 5, 6 and 7)	657,158	646,987
Program funding (Note 7)	300,000	300,000
Excess (deficiency) of revenue over expenses	\$ (106,842)	\$ 126,672

Variety - The Children's Charity (Ontario)
Non-consolidated Statement of Cash Flows
Year Ended September 30, 2021

	2021	2020
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (106,842)	\$ 126,672
Items not affecting cash		
Forgiven portion of CEBA loan	(10,000)	-
Amortization of capital and intangible assets	742,966	798,338
Amortization of deferred contributions related to capital assets (Note 10)	(410,350)	(370,185)
Amortization of deferred contributions (Note 9)	(491,767)	(209,139)
Change in non-cash operating balances (Note 11)	(335,558)	371,128
Deferred contributions received (Note 9)	510,060	175,025
Deferred contributions related to capital assets received (Note 10)	331,791	1,727,966
Endowment investment distributions received	(8,901)	-
Endowment unrealized gain	(18,980)	(12,157)
Loss on write off of tangible capital assets	-	1,785
	202,419	2,609,433
Investing activities		
Purchase of investments	-	(35,000)
Purchase of tangible capital assets	(221,090)	(1,693,145)
Purchase of intangible capital assets	(20,082)	(19,888)
Endowment realized gain	-	(2,707)
	(241,172)	(1,750,740)
Financing activity		
Repayment of long-term debt	(145,092)	(95,671)
Proceeds from CEBA loan	-	40,000
	(145,092)	(55,671)
Net change in cash	(183,845)	803,022
Cash, beginning of year	1,498,628	695,606
Cash, end of year	\$ 1,314,783	\$ 1,498,628

Variety - The Children's Charity (Ontario)

Notes to Non-consolidated Financial Statements

September 30, 2021

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 \$8,759 (2020 - \$14,294) were recorded in the accounts.

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

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

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.

Intangible Assets

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.

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.

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.

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 and 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 \$18,507 (2020 - \$8,369) are included in accounts receivable consisting of HST of \$18,507 (2020 - \$8,369) and EHT of \$Nil (2020 - \$Nil).

4. INVESTMENTS AND ENDOWMENT INVESTMENTS

Investments and endowment investments are comprised of the following:

	2021	2020
Investments		
Guaranteed investment certificate	\$ 35,000	\$ 35,000
Time share - at cost	17,083	17,083
	\$ 52,083	\$ 52,083

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2021

4. INVESTMENTS AND ENDOWMENT INVESTMENTS (Cont'd)

	2021	2020
Endowment investments		
Mutual funds	\$ 431,751	\$ 403,870

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 0.3% and maturing March 18, 2022. Subsequent to year-end, the GIC was redeemed on October 1, 2021 as security was no longer required for the letter of credit.

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 (2020 - \$389,006).

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2021	Net 2020
Land	\$ 2	\$ -	\$ 2	\$ 2
Building	2,852,869	2,838,935	13,934	14,576
Building improvements	16,979,539	11,871,022	5,108,517	5,569,038
Equipment	2,937,884	2,141,068	796,816	850,233
VOLT Equipment	240,462	86,784	153,678	126,606
	\$ 23,010,756	\$ 16,937,809	\$ 6,072,947	\$ 6,560,455

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 \$663,473 (2020 - \$739,259) is included in allocation to charitable activities.

6. INTANGIBLE ASSETS

	Cost	Accumulated Amortization	Net 2021	Net 2020
Software	\$ 438,752	\$ 399,878	\$ 38,874	\$ 53,160

Amortization of \$34,368 (2020 - \$27,706) is included in allocation to charitable activities.

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2021

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

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

	2021	2020
Variety Village	\$ -	\$ (195,627)
Variety Club of Ontario - Tent 28	150	150
	\$ 150	\$ (195,477)

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

The Organization funds approximately 22% (2020 - 16%) of Variety Village's revenue. The grant provided by the Organization to Variety Village for the year ended September 30, 2021 totalled \$657,158 (2020 - \$646,987).

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 \$697,841 (2020 - \$766,965).
- 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 \$165,720 (2020 - \$219,670) to the Organization.
- During the year, the Organization advanced cash of \$19,353 (2020 - \$19,360) to Variety Village.
- Other miscellaneous transfers of revenues and reimbursements of expenses totalled \$121,311 from the Charity (2020 - \$62,461 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, 2021 in the amount of \$300,000 is approximately 30% of the program costs. The full payment to Variety Village during the year of \$300,000 (2020 - partial payment of \$120,000) results in a balance of \$Nil (2020 - \$180,000) included in the total balance due to Variety as at September 30, 2021.

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2021

8. LONG-TERM DEBT

	2021	2020
RBC 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.	\$ 949,321	\$ 1,070,057
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
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. The forgivable portion of \$10,000 was taken into income in the current year.	30,000	40,000
	979,321	1,134,413
Less: Current portion	126,500	148,388
	\$ 852,821	\$ 986,025

Future principal repayments are as follows:

2022	\$ 126,500
2023	168,000
2024	138,000
2025	138,000
2026	138,000
2027 and thereafter	270,821
	\$ 979,321

8. LONG-TERM DEBT (Cont'd)

On October 1, 2021, the RBC bank facility of \$949,321 was discharged and as of that date the Organization has a bank credit facility with CIBC. As of November 1, 2021 the loan bears a variable prime rate plus 0.25% per annum, with monthly fixed principal payments of \$11,500 plus the calculated interest based on an 83 month amortization period. Repayment of any principal amount is allowed provided that interest is not on a fixed-rate basis. This debt is secured by a first-priority General Service Agreement in all present and future personal property of the Borrower. The debt is guaranteed from Variety Club of Ontario-Tent 28 with respect to \$1,000,000 of the liabilities of the Borrower to CIBC under the Demand Installment Credit and the Letter of Credit secured by a first priority, fixed charge of \$1,000,000 over the real property located at 3701 Danforth Avenue, Toronto, Ontario. Effective December 14, 2021 the Organization locked the variable rate loan into a fixed rate, fixed term loan, with blended monthly payments of \$13,498, an annual interest rate of 3.242%, and a five year term.

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, 2021 there is no balance drawn or outstanding.

The Organization has an irrevocable standby letter of credit for \$35,000 (2020 - \$35,000) as a deposit held by Toronto Hydro. As of September 30, 2021 (and September 30, 2020), the letter of credit has not been drawn upon.

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, 2021, there is no balance drawn or outstanding.

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2021

9. DEFERRED CONTRIBUTIONS

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

	2021	2020
Balance, beginning of year	\$ 202,645	\$ 236,759
Amounts received during the year	510,060	175,025
Amounts recognized as revenue in the year	(491,767)	(209,139)
Balance, end of year	\$ 220,938	\$ 202,645

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.

	2021	2020
Balance, beginning of year	\$ 4,325,994	\$ 2,930,318
Contributions received	337,805	1,727,966
Contributions transferred from/(to) Variety Village	(6,014)	37,895
Amounts recognized as revenue in the year	(410,350)	(370,185)
Balance, end of year	\$ 4,247,435	\$ 4,325,994

11. CHANGES IN NON-CASH OPERATING BALANCES

	2021	2020
(Increase) decrease in accounts receivable	\$ (10,930)	\$ 79,947
(Increase) decrease in prepaid expenses	(4,778)	24,170
(Increase) decrease in due from related parties	(195,627)	213,498
Increase (decrease) in accounts payable and accrued liabilities	(124,223)	53,513
	\$ (335,558)	\$ 371,128

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2021

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.

Significant financial information is as follows:

	Variety Village	Variety Club of Ontario - Tent 28	Total 2021	Total 2020
Financial position				
Assets	\$ 853,463	\$ 91	\$ 853,554	\$ 883,971
Liabilities	1,260,498	150	1,260,648	1,298,987
Total net assets (deficiency)	\$ (407,035)	\$ (59)	\$ (407,094)	\$ (415,016)
Income Statement				
			2021	2020
Total revenue	\$ 4,278,202	\$ -	\$ 4,278,202	\$ 5,820,603
Total expenses	4,270,563	-	4,270,563	5,681,969
Excess (deficiency) of revenue over expenses	\$ 7,639	\$ -	\$ 7,639	\$ 138,634
Cash from (used in)				
Operating activities	\$ 228,957	\$ -	\$ 228,957	\$ (230,951)
Investing activities	(46,869)	-	(46,869)	(91,335)
Increase (decrease) in cash	\$ 182,088	\$ -	\$ 182,088	\$ (322,286)

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.

13. FINANCIAL INSTRUMENTS (Cont'd)

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 a rate of 3.85% (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.

14. 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 7.0.1 (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 continued to affect this fiscal year. Delivery of programs and services continue to be reworked to align with the new regulations, as well as, converting some to online offerings.

While the Organization expands its fundraising opportunities, it also continues to creatively find new ways to deliver programming through partnerships. The Organization is looking to expand 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 programs remains strong. The Organization is actively looking for satellite space in order to expand the camp program. Since 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 TWSE (Temporary Wage Subsidy for Employers) \$Nil (2020 - \$17,875) and \$333,894 (2020 - \$258,157) from CEWS (Canada Emergency Wage Subsidy). Included in accounts receivable at year end is the Canada Emergency Wage Subsidy of \$4,323 (2020 - \$Nil).

In fiscal 2020 the Organization applied for and received a \$40,000 loan from the Canada Emergency Business Account (CEBA) (see Note 8). The forgivable portion of the CEBA loan of \$10,000 has been included in revenue in Government COVID-19 assistance in the current year.

14. COVID-19 (Cont'd)

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)
Non-consolidated Schedule of Fundraising - Schedule 1
Year Ended September 30, 2021

	Revenue	Expenses	2021 Net	2020 Net
Events				
Golf tournaments	\$ 30,500	\$ -	\$ 30,500	\$ 11,718
Pizza Nova Day	202,202	5,000	197,202	122,000
In the Spotlight	-	-	-	1,923
Toronto Sun Fund	77,218	1,000	76,218	46,243
Gala	-	333	(333)	83,177
World's Greatest Holiday Party	20,010	343	19,667	48,027
Raffles	29,120	25,311	3,809	26,943
Other events	51,467	21,883	29,584	451
	410,517	53,870	356,647	340,482
Annual campaigns				
General fundraising	-	-	-	1,300
Unsolicited contributions	240,615	6,874	233,741	80,758
Planned gifts	86,043	-	86,043	549,309
Direct mail	8,649	3,208	5,441	(180)
Corporate	-	-	-	15,834
Government Grants	150,000	-	150,000	1,480
Grants	10,719	-	10,719	3,618
Grant amortization	365,225	-	365,225	338,813
	861,251	10,082	851,169	990,932
	\$ 1,271,768	\$ 63,952	1,207,816	1,331,414
Expenses				
Salaries and benefits			203,688	249,516
Professional fees			1,804	5,484
Office and general			1,616	3,295
Employee related expenses			-	501
			207,108	258,796
Excess of fundraising revenue over expenses			\$ 1,000,708	\$ 1,072,618

Variety - The Children's Charity (Ontario)
Non-consolidated Schedule of Gaming Operations - Schedule 2
Year Ended September 30, 2021

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

Variety - The Children's Charity (Ontario)
Schedule of Program Expenses - Schedule 3
Year Ended September 30, 2021

	2021	2020
Program salaries	\$ 77,576	\$ 79,043
Program expenses	259,573	8,459
Total program expenses	\$ 337,149	\$ 87,502