

Variety Village

Financial Statements

For the Year Ended September 30, 2025



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Variety Village

Opinion

We have audited the financial statements of Variety Village (the "Organization"), which comprise the statement of financial position as at September 30, 2025, and the statements of operations, changes in net assets (deficiency) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at September 30, 2025, and its results of operations and its 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 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 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 Financial Statements

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

In preparing the 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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.

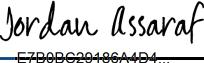
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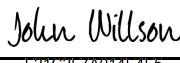
Chartered Professional Accountants
Licensed Public Accountants
December 18, 2025
Toronto, Ontario

Variety Village
Statement of Financial Position
As at September 30, 2025

	2025	2024
Assets		
Current		
Cash	\$ 304,934	\$ 220,196
Accounts receivable (Note 3)	191,283	230,021
Investments (Note 4)	571,121	896,412
Prepaid expenses	62,523	62,746
Due from related party (Note 5)	47,327	26,284
	1,177,188	1,435,659
Endowment investments (Note 4)	112,643	124,742
Tangible capital assets (Note 6)	313,935	388,063
	\$ 1,603,766	\$ 1,948,464
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 392,165	\$ 256,771
Deferred revenue	524,204	425,943
	916,369	682,714
Deferred contributions (Note 7)	619,152	553,377
Deferred contributions related to tangible capital assets (Note 8)	235,465	317,733
	1,770,986	1,553,824
Net Assets (Deficiency)		
Endowments (Note 4)	105,196	105,109
Invested in capital assets	78,470	70,330
Operating	(350,886)	219,201
	(167,220)	394,640
	\$ 1,603,766	\$ 1,948,464
Commitments (Note 10)		

Approved by the Board

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 Jordan Assaraf
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 Chair

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 John Willson
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 Treasurer

Variety Village
Statement of Changes in Net Assets (Deficiency)
Year Ended September 30, 2025

	Endowments	Invested in Capital Assets	Operating	Total 2025	Total 2024
(Note 4)					
Net assets, beginning of year	\$ 105,109	\$ 70,330	\$ 219,201	\$ 394,640	\$ 295,297
Deferred contributions received related to tangible capital assets (Note 8)	-	(11,075)	11,075	-	-
Endowment income	587	-	-	587	515
Award granted	(500)	-	-	(500)	(500)
Excess (deficiency) of revenue over expenses	-	(27,603)	(534,344)	(561,947)	99,328
Purchase of tangible capital assets	-	46,818	(46,818)	-	-
Net assets (deficiency), end of the year	\$ 105,196	\$ 78,470	\$ (350,886)	\$ (167,220)	\$ 394,640

Variety Village
Statement of Operations
Year Ended September 30, 2025

	2025	2024
Revenue		
Fitness club membership	\$ 2,517,204	\$ 2,504,690
Program fees and contributions	1,466,689	1,340,210
Provincial grant	1,000,000	1,000,000
Funding from Variety - The Children's Charity (Ontario) (Note 5)	661,630	674,057
Team fees and contributions	342,677	427,295
Rental	248,575	310,684
Fundraising, net (Schedule 1)	229,162	271,256
Access and Awareness	106,279	147,705
Investment income	104,305	44,001
Other	74,539	70,609
Investments and endowment investments unrealized gain	-	106,417
Government COVID-19 subsidies	-	9,578
	6,751,060	6,906,502
Expenses		
Fitness club (Schedule 2)	1,840,599	1,757,337
Administration (Schedule 6)	1,451,492	1,211,791
Building services (Schedule 7)	1,377,546	1,295,844
Programs (Schedule 3)	1,301,690	1,144,413
Benefit of Variety - The Children's Charity (Ontario) capital assets (Note 5)	693,466	654,200
Teams (Schedule 4)	397,455	423,795
Access and Awareness (Schedule 5)	123,390	175,777
Amortization of tangible capital assets	119,449	109,743
Investments and endowment investments unrealized loss	7,920	-
Gaming operations, net (Schedule 8)	-	34,274
	7,313,007	6,807,174
Excess (deficiency) of revenue over expenses	\$ (561,947)	\$ 99,328

Variety Village
Statement of Cash Flows
Year Ended September 30, 2025

	2025	2024
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (561,947)	\$ 99,328
Non-cash items:		
Amortization of tangible capital assets	119,449	109,743
Amortization of deferred contributions related to tangible capital assets (Note 8)	(93,343)	(88,728)
Amortization of deferred contributions (Note 7)	(1,166,930)	(1,306,242)
Deferred contributions received (Note 7)	1,232,705	1,106,074
Deferred contributions related to tangible capital assets received (Note 8)	11,075	144,996
Investments and endowment investments unrealized (gain)/loss	7,920	(106,417)
Change in non-cash operating working capital items (Note 9)	251,573	132,054
Proceeds from sale of endowment investments	277	-
Loss on write off of tangible capital assets	1,497	-
	(197,724)	90,808
Investing activity		
Purchase of tangible capital assets	(46,818)	(187,500)
Purchase of investments	(157,010)	(4,415)
Distributions from mutual funds characterized as return of capital	36,448	23,770
Proceeds from sale of investments	449,842	-
	282,462	(168,145)
Net change in cash	84,738	(77,337)
Cash, beginning of year	220,196	297,533
Cash, end of year	\$ 304,934	\$ 220,196

Variety Village
Notes to Financial Statements
September 30, 2025

1. NATURE OF THE ORGANIZATION

Variety Village (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.

Variety – The Children's Charity (Ontario) (the "Charity") controls the Organization by virtue of a common Board of Directors and through the Charity's control and direction of resources.

For over 70 years, the Charity 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 Charity 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 Charity delivers its programming at the Organization and throughout communities across Ontario. In addition to delivering programs for the Charity, 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.

2. SIGNIFICANT ACCOUNTING POLICIES

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

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 the following funds:

- i) Endowments – consists of donations received that are permanent in nature (Note 4); and
- ii) Operating – funds received are primarily through fitness club memberships, program and team fees and fundraising. Any externally restricted funds included in the operating fund are accounted for using the deferral method of accounting.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions, which include donations, bequests, government grants and other revenue. 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.

Endowment contributions are recognized as direct increases in endowment net assets, and are required to be maintained on a permanent basis. Income derived from endowment investments is either maintained in the endowment fund or available to support the Organization's activities, depending on the endowment agreement.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue Recognition (Cont'd)

Fitness club membership, program and team fees are recognized in the period to which the services relate. Deferred revenue is comprised of the portion of membership, program and team fees received for the following fiscal year.

Access and Awareness revenue includes revenue collected from access and awareness programs held as well as the teaching of courses at universities and colleges. Revenue is recognized when the program occurs.

Rental revenue consists of the lease of specific areas of the facility for various events and functions and is recognized when the event or function takes place.

Other revenue is recognized as earned.

The value of donated materials and services (gifts in kind) are recorded at their fair value 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 \$11,848 (2024 - \$10,845) were recorded in the accounts.

Tangible Capital Assets

Tangible capital 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 tangible capital assets over their estimated useful life as follows:

Fieldhouse equipment 5 years - straight line basis

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.

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.

Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value, except for non-arm's length transactions, which are measured at the exchange amount. The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the excess of revenue over expenses.

Financial assets measured at amortized cost include cash, accounts receivable, due from related party and endowment investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

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 a write-down, if any, is recognized in the excess 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 of revenue over expenses.

Management Estimates

The preparation of these 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 the Charity. Actual results could differ from those estimates.

3. GOVERNMENT REMITTANCES AND REBATES

Government HST rebate of \$6,826 (2024 - \$14,437) and Canada Summer Jobs Grant of \$102,860 (2024 - \$Nil) are included in accounts receivable.

Provincial grant funding of \$Nil (2024 - \$200,000) is also included in accounts receivable.

Variety Village
Notes to Financial Statements
September 30, 2025

4. INVESTMENTS AND ENDOWMENT INVESTMENTS

Investments and endowment investments are comprised of the following:

Investments

	2025	2024
Mutual funds	\$ 571,121	\$ 896,412

In adherence to the Organization's investment policies the investments from bequeathed funds are held in three income mutual funds. As there are no restrictions on these bequeathed funds, the Organization is currently designating this investment income to support unfunded capital expenditures and expenses resulting from upgrade and repair needs.

Endowment investments

	2025	2024
Guaranteed investment certificates (GICs)	\$ 15,325	\$ 15,515
Mutual funds	97,318	109,227
	\$ 112,643	\$ 124,742

Endowment investments are held in guaranteed investment certificates and mutual funds, in adherence with the Organization's investment policies. The guaranteed investment certificate is invested for 1 year, bears interest at 3.25%, and matures on January 28, 2026.

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

The balance of the endowment fund is \$105,196 (2024 - \$105,109).

5. DUE FROM RELATED PARTY AND RELATED PARTY TRANSACTIONS

Due from related party consists of the following:

	2025	2024
Variety - The Children's Charity	\$ 47,327	\$ 26,284

Amounts due from a related party are due on demand, unsecured and non-interest bearing.

All related party transactions are carried out in the normal course of operations and are recorded at the exchange value which is the amount agreed to by the parties.

Variety Village
Notes to Financial Statements
September 30, 2025

5. DUE FROM RELATED PARTY AND RELATED PARTY TRANSACTIONS (Cont'd)

The Charity funded approximately 10% (2024 - 10%) of Variety Village's revenue. The grant provided by the Charity to the Organization for the year ended September 30, 2025 totalled \$361,630 (2024 - \$374,057). At year end, \$47,327 (2024 - \$26,284) was outstanding as receivable from Variety - The Children's Charity (Ontario).

Included in the grant are the following transactions -

- The facilities and other capital assets are held by the Charity for use by the Organization. The Organization recognizes the benefit in an amount equal to the amortization expense of the facilities and capital assets in the accounts of the Charity. The benefit allocated to the Organization during the year was \$693,466 (2024 - \$654,200).
- Shared expenses with the Charity are recognized as related party transactions, including administration, fundraising, salaries and benefits, and office and general expenses. The Organization has allocated salaries and benefits of \$831,694 (2024 - \$578,216) to the Charity.
- During the year, the Organization received \$262,328 from the Charity (2024 - \$171,235).
- Other miscellaneous transfers of revenues and reimbursements of expenses totalled \$263,814 from the Charity (2024 - \$126,838).

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

In addition, the program funding provided by the Charity to the Organization for the year ended September 30, 2025 in the amount of \$300,000 is approximately 30% of the program costs. The full payment of \$300,000 (2024 - \$300,000) from the Charity was made during the year.

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2025	Net 2024
Fieldhouse equipment	\$ 1,050,492	\$ 736,557	\$ 313,935	\$ 388,063

Variety Village
Notes to Financial Statements
September 30, 2025

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted donations related to specified expenses of future periods. Specified expenses relate to various programs and teams of the Organization.

	2025	2024
Balance, beginning of year	\$ 553,377	\$ 753,545
Amounts received during the year	1,232,705	1,106,074
Amounts recognized as revenue in the year	(1,166,930)	(1,306,242)
Balance, end of year	\$ 619,152	\$ 553,377

8. DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS

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

	2025	2024
Balance, beginning of year	\$ 317,733	\$ 261,465
Contributions received	11,075	144,996
Amounts recognized as revenue in the year	(93,343)	(88,728)
Balance, end of year	\$ 235,465	\$ 317,733

9. CHANGES IN NON-CASH OPERATING BALANCES

	2025	2024
(Increase) decrease in accounts receivable	\$ 38,738	\$ 142,662
(Increase) decrease in prepaid expenses	223	22,640
(Increase) decrease in due from related party	(21,043)	(26,284)
Increase (decrease) in accounts payable and accrued liabilities	135,394	(49,765)
Increase (decrease) in deferred revenue	98,261	42,801
	\$ 251,573	\$ 132,054

Variety Village
Notes to Financial Statements
September 30, 2025

10. COMMITMENTS

The Organization has entered into a renewable annual contract for technology services with a current annual cost of \$92,400 of which 80% is allocated to the Organization and 20% is allocated to the Charity. The contract is automatically renewed every year for a one-year term unless terminated by the Organization or the service provider. The annual fee can be increased by up to 10% per annum with 60 days' notice on the contract anniversary date.

The Organization has entered into a renewable annual contract for landscape and snow removable services with a current annual cost of \$37,107 of which 100% is allocated to the Organization. The contract is automatically renewed every year for a one-year term but can be terminated by the Organization or the service provider without cause upon 60 days written notice.

Either the Charity or the Organization may act as a principal or agent in contracts for supplies or services. The amounts reflected in the commitments below represents the anticipated expense to be borne by the Organization.

2026	\$ 183,418
2027	174,666
2028	144,932
2029	99,248
	<hr/>
	\$ 602,264
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11. FINANCIAL RISK MANAGEMENT

Credit Risk

The Organization is exposed to credit risk in the event of non-payment by members for their accounts receivable. Management has adopted credit policies in an effort to minimize those risks.

Market Risk

The Organization's investments are susceptible to market risk. Market risk is defined as the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Organization's market risk is affected by changes in the level or volatility of market rates or prices, such as interest rates and equity prices.

The risk is mitigated through the Organization's investment policy, which requires investments to be held in high grade, low risk investments.

Variety Village**Schedule of Fundraising - Schedule 1****Year Ended September 30, 2025**

	Revenue	Expenses	2025	2024
Events				
LG Games	\$ -	\$ 8,120	\$ (8,120)	\$ (10,851)
Annual Campaigns				
Unsolicited contributions	221,282	2,919	218,363	21,988
Planned gifts	-	-	-	10,960
Community gaming revenue	-	-	-	159,848
Grants	13,160	-	13,160	87,319
Amortization of deferred contributions related to capital assets	12,737	-	12,737	10,105
	247,179	2,919	244,260	290,220
	\$ 247,179	\$ 11,039	\$ 236,140	\$ 279,369
Expenses				
Salaries and benefits			6,978	8,113
Excess of fundraising revenue over expenses			\$ 229,162	\$ 271,256

Variety Village
Schedule of Fitness Club Expenses - Schedule 2
Year Ended September 30, 2025

	2025	2024
Salaries and benefits	\$ 1,569,779	\$ 1,474,033
Employee related expenses	6,753	2,076
Cost of sales	103,729	105,365
Equipment, repairs and maintenance	21,867	28,145
<u>Office and general</u>	<u>138,471</u>	<u>147,718</u>
	\$ 1,840,599	\$ 1,757,337

Variety Village**Schedule of Program Expenses - Schedule 3****Year Ended September 30, 2025**

	2025	2024
Salaries and benefits	\$ 1,204,080	\$ 1,040,157
Employee related expenses	17,080	20,701
Professional fees	3,804	1,800
Program expenses	19,287	21,421
<u>Office and general</u>	57,439	60,334
	\$ 1,301,690	\$ 1,144,413

Variety Village**Schedule of Teams Expenses - Schedule 4****Year Ended September 30, 2025**

	2025	2024
Salaries and benefits	\$ 309,251	\$ 267,536
Employee related expenses	924	1,203
Travel expenses	8,319	2,692
Tournament and registration costs	39,456	90,033
Equipment, repairs and maintenance	12,832	24,288
Office and general	26,673	38,043
	\$ 397,455	\$ 423,795

Variety Village**Schedule of Access and Awareness Expenses - Schedule 5****Year Ended September 30, 2025**

	2025	2024
Salaries and benefits	\$ 117,786	\$ 145,909
Office and general	5,604	29,868
	\$ 123,390	\$ 175,777

Variety Village
Schedule of Administration Expenses - Schedule 6
Year Ended September 30, 2025

	2025	2024
Salaries and benefits	\$ 834,118	\$ 643,317
Employee related expenses	8,928	1,365
Insurance	201,615	212,884
Professional fees	112,302	188,686
<u>Office and general</u>	<u>294,529</u>	<u>165,539</u>
	\$ 1,451,492	\$ 1,211,791

Variety Village**Schedule of Building Services Expenses - Schedule 7****Year Ended September 30, 2025**

	2025	2024
Salaries and benefits	\$ 158,799	\$ 145,235
Employee related expenses	1,141	1,040
Equipment repairs and maintenance	265,303	232,797
Building supplies	92,960	86,710
Cleaning service	355,181	355,628
Utilities	497,996	474,422
Professional fees	6,084	-
Office and general	82	12
	\$ 1,377,546	\$ 1,295,844

Variety Village**Schedule of Gaming Operations - Schedule 8****Year Ended September 30, 2025**

	2025	2024
Community gaming revenues	\$ -	\$ 143,346
Less: community gaming revenues transferred to the Charity	- -	(81,956)
Less: subsidy allocations	- -	(85,539)
Less: expenses	- -	(10,125)
Deficiency of gaming revenue over expenses	\$ -	\$ (34,274)