

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

Non-consolidated Financial Statements

For the Year Ended September 30, 2025

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, 2025, and the non-consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Organization as at September 30, 2025, and its results of 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 18, 2025
Toronto, Ontario

Variety - The Children's Charity (Ontario)
Non-consolidated Statement of Financial Position
As at September 30, 2025

	2025	2024
Assets		
Current		
Cash	\$ 865,551	\$ 1,403,631
Accounts receivable (Note 7)	83,369	60,600
Investments (Note 3)	17,083	17,083
Prepaid expenses	17,087	16,992
	983,090	1,498,306
Endowment investments (Note 3)	410,999	450,835
Tangible capital assets (Note 4)	6,530,770	6,962,956
Cloud computing implementation costs (Note 5)	550,801	184,031
Intangible assets (Note 6)	1,044	6,146
	\$ 8,476,704	\$ 9,102,274

Liabilities

Current		
Accounts payable and accrued liabilities	\$ 187,283	\$ 126,280
Current portion of long-term debt (Note 9)	151,262	146,443
Due to related parties (Note 8)	47,177	26,134
	385,722	298,857
Long-term debt (Note 9)	248,491	399,753
Deferred contributions (Note 10)	306,718	327,398
Deferred contributions related to capital assets (Note 11)	5,083,861	5,483,259
	6,024,792	6,509,267

Net assets

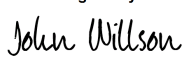
Endowments (Note 3)	389,010	389,010
Invested in capital assets (Note 14)	1,599,001	1,123,678
Operating	463,901	1,080,319
	2,451,912	2,593,007
	\$ 8,476,704	\$ 9,102,274

Commitments (Note 15)

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, 2025

	Endowments	Invested in Capital Assets	Operating	Total 2025	Total 2024
	(Note 3)				
Net assets, beginning of year	\$ 389,010	\$ 1,123,678	\$ 1,080,319	\$ 2,593,007	\$ 2,756,970
Excess (deficiency) of revenue over expenses	-	(263,056)	121,961	(141,095)	(163,963)
Repayment of debt	-	146,443	(146,443)	-	-
Deferred contributions received related to capital assets (Note 11)	-	(119,524)	119,524	-	-
Purchase of tangible capital assets	-	305,348	(305,348)	-	-
Purchase of cloud computing implementation costs	-	406,112	(406,112)	-	-
Net assets, end of the year	\$ 389,010	\$ 1,599,001	\$ 463,901	\$ 2,451,912	\$ 2,593,007

Variety - The Children's Charity (Ontario)**Non-consolidated Statement of Operations****Year Ended September 30, 2025**

	2025	2024
Revenue		
Fundraising, net (Schedule 1)	\$ 899,741	\$ 911,501
Program fees and contributions	716,217	571,353
Investment income	122,555	107,457
Endowment investments unrealized gain	-	67,535
Government COVID-19 subsidies	-	3,393
	1,738,513	1,661,239
Expenses		
Programs (Schedule 3)	577,576	581,754
Salaries and benefits	285,785	236,861
Amortization - program related	88,512	100,267
General office expenses	85,325	66,476
Professional fees	65,677	79,692
Insurance expense	50,404	53,220
Endowment investments unrealized loss	39,836	-
Interest on debt (Note 9)	15,544	20,210
Bank charges and interest	8,803	8,521
Gaming operations, net (Schedule 2)	516	4,144
	1,217,978	1,151,145
Excess of revenue over expenses before the undernoted	520,535	510,094
Allocation to charitable activities (Note 8)	361,630	374,057
Program funding (Note 8)	300,000	300,000
	661,630	674,057
Deficiency of revenue over expenses	\$ (141,095)	\$ (163,963)

Variety - The Children's Charity (Ontario)**Non-consolidated Statement of Cash Flows****Year Ended September 30, 2025**

	2025	2024
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenses	\$ (141,095)	\$ (163,963)
Non-cash items		
Amortization of cloud computing costs	39,343	-
Amortization of tangible capital and intangible assets	742,635	754,467
Amortization of deferred contributions related to capital assets (Note 11)	(518,922)	(524,126)
Amortization of deferred contributions (Note 10)	(561,683)	(402,660)
Change in non-cash operating balances (Note 12)	59,182	141,811
Deferred contributions received (Note 10)	541,003	465,403
Deferred contributions related to capital assets received (Note 11)	119,524	111,392
Endowment investments unrealized loss (gain)	39,836	(67,535)
	319,823	314,789
Investing activities		
Purchase of tangible capital assets	(305,348)	(678,103)
Purchase of cloud computing implementation costs	(406,112)	(184,031)
	(711,460)	(862,134)
Financing activities		
Repayment of long-term debt	(146,443)	(141,777)
Restricted cash relating to unspent deferred capital contributions	-	613,555
	(146,443)	471,778
Net change in cash	(538,080)	(75,567)
Cash, beginning of year	1,403,631	1,479,198
Cash, end of year	\$ 865,551	\$ 1,403,631

Variety - The Children's Charity (Ontario)

Notes to Non-consolidated Financial Statements

September 30, 2025

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 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 13.

2. SIGNIFICANT ACCOUNTING POLICIES

These non-consolidated 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.

Nevada gaming revenues and interest are recognized as earned.

Community gaming revenues are restricted by Ontario Lottery and Gaming Corporation ("OLG") and are recognized as revenue in the year in which the OLG approved expenses are recognized.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue Recognition (Cont'd)

The value of donated materials and services (gifts in kind) is recorded in the non-consolidated 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 \$18,572 (2024 - \$79,819) were recorded in the accounts.

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 3); and
- 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. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Cloud Computing Implementation Costs

On October 1, 2023, the Organization adopted Accounting Guideline 20, Customer's Accounting for Cloud Computing arrangements. The Organization has elected to capitalize implementation costs when the software element is a service. As such, cloud computing implementation costs on implementation activities that are directly attributable to preparing the software for its intended use are capitalized.

The Organization amortizes its cloud computing implementation costs for the length of the implementation agreement (5 years) but will commence the amortization from the go-live date.

The costs associated with the software service of \$39,657 (2024 - \$9,423) are expensed as incurred and are included in general office expenses in the non-consolidated statement of operations.

Volunteer Services

The efforts of volunteer workers are not reflected in the accompanying non-consolidated 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 equity 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, endowment investments and investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, due to related parties 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 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.

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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. INVESTMENTS AND ENDOWMENT INVESTMENTS

Investments and endowment investments are comprised of the following:

	2025	2024
Investments		
Time share - at cost	\$ 17,083	\$ 17,083
	2025	2024
Endowment investments		
Mutual funds	\$ 410,999	\$ 450,835

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 \$389,010 (2024 - \$389,010).

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2025	Net 2024
Land	\$ 2	\$ -	\$ 2	\$ 2
Building	2,852,869	2,841,506	11,363	12,006
Building improvements	19,586,918	13,853,745	5,733,173	5,981,922
Equipment	3,020,684	2,414,747	605,937	700,219
VOLT Equipment	586,614	406,319	180,295	268,807
	\$ 26,047,087	\$ 19,516,317	\$ 6,530,770	\$ 6,962,956

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

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2025

5. CLOUD COMPUTING IMPLEMENTATION COSTS

	Cost	Accumulated Amortization	Net 2025	Net 2024
CRM Implementation	\$ 590,144	\$ 39,343	\$ 550,801	\$ 184,031

6. INTANGIBLE ASSETS

	Cost	Accumulated Amortization	Net 2025	Net 2024
Software	\$ 438,570	\$ 437,526	\$ 1,044	\$ 6,146

7. GOVERNMENT REMITTANCES AND REBATES

HST government rebates of \$13,315 (2024 - \$13,350) are included in accounts receivable.

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

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

	2025	2024
Variety Village	\$ (47,327)	\$ (26,284)
Variety Club of Ontario - Tent 28	150	150
	\$ (47,177)	\$ (26,134)

Amounts due (to) from related parties 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.

The Organization funds approximately 10% (2024 - 10%) of Variety Village's revenue. The grant provided by the Organization to Variety Village for the year ended September 30, 2025 totalled \$361,630 (2024 - \$374,057), of which \$47,327 (2024 - \$26,284) was outstanding as payable to Variety Village as of September 30, 2025.

Variety - The Children's Charity (Ontario)

Notes to Non-consolidated Financial Statements

September 30, 2025

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

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 \$693,466 (2024 - \$654,200).
- 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 salaries and benefits of \$831,694 (2024 - \$578,216) to the Organization.
- During the year, the Organization advanced \$262,328 to Variety Village (2024 - \$171,235).
- Other miscellaneous transfers of revenues and reimbursements of expenses totalled \$263,814 to Variety Village (2024 - \$126,838).

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 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, 2025 in the amount of \$300,000 is approximately 30% of the program costs. The full payment to Variety Village of \$300,000 (2024 - \$300,000) was made during the year.

9. LONG-TERM DEBT

	2025	2024
CIBC bank credit facility, bearing fixed interest at 3.242% per annum, with no prepayments permitted and due December 1, 2026, with monthly payments, including principal and interest, of \$13,499, based on a 76-month amortization period. The debt is secured by a \$1,000,000 fixed charge mortgage over the real property located at 3701 Danforth Avenue, Toronto, Ontario, a first-priority General Service Agreement in all present and future personal property of the Borrowers and a guarantee by Variety Club of Ontario-Tent 28 of up to \$1,000,000, and is repayable on demand by CIBC.	\$ 399,753	\$ 546,196
Less: Current portion	151,262	146,443
	\$ 248,491	\$ 399,753

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2025

9. LONG-TERM DEBT (Cont'd)

Future principal repayments are as follows:

2026	\$	151,262
2027		156,239
2028		92,252
		<hr/>
		\$ 399,753

Bank balances of the group entities including the Organization and Variety Village 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.

On July 3, 2022, the Organization secured a revolving line of credit with CIBC having a maximum facility of \$1,000,000. The line bears interest at bank prime plus 0% on any drawn balances. During the fiscal year the credit line was not drawn on and as at September 30, 2025, there is no balance drawn or outstanding.

Security for the revolving line of credit and the standby letter of credit is provided by a first-priority General Service Agreement in all present and future personal property of the Borrower.

10. DEFERRED CONTRIBUTIONS

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

	2025	2024
Balance, beginning of year	\$ 327,398	\$ 264,655
Amounts received during the year	541,003	465,403
Amounts recognized as revenue in the year	(561,683)	(402,660)
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Balance, end of year	\$ 306,718	\$ 327,398

11. 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.

	2025	2024
Balance, beginning of year	\$ 5,483,259	\$ 5,895,993
Contributions received	119,524	111,392
Amounts recognized as revenue in the year	(518,922)	(524,126)
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Balance, end of year	\$ 5,083,861	\$ 5,483,259

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2025

12. CHANGES IN NON-CASH OPERATING BALANCES

	2025	2024
(Increase) decrease in accounts receivable	\$ (22,769)	\$ 91,541
(Increase) decrease in prepaid expenses	(95)	15,486
(Increase) decrease in due from related parties	-	150
Increase (decrease) in accounts payable and accrued liabilities	61,003	8,500
Increase (decrease) in due to related parties	21,043	26,134
	\$ 59,182	\$ 141,811

13. 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 2025	Total 2024
Financial position				
Assets	\$ 1,603,766	\$ 91	\$ 1,603,857	\$ 1,948,555
Liabilities	1,770,986	150	1,771,136	1,553,974
Total net assets (deficiency)	\$ (167,220)	\$ (59)	\$ (167,279)	\$ 394,581
Total revenue				
Total revenue	\$ 6,751,060	\$ -	\$ 6,751,060	\$ 6,906,502
Total expenses	7,313,007	-	7,313,007	6,807,174
Excess (deficiency) of revenue over expenses	\$ (561,947)	\$ -	\$ (561,947)	\$ 99,328
Cash from (used in)				
Operating activities	\$ (197,724)	\$ -	\$ (197,724)	\$ 90,808
Financing activities	282,462	-	282,462	(168,145)
Increase (decrease) in cash	\$ 84,738	\$ -	\$ 84,738	\$ (77,337)

Variety - The Children's Charity (Ontario)
Notes to Non-consolidated Financial Statements
September 30, 2025

14. INVESTED IN CAPITAL ASSETS

Invested in capital assets in comprised of the following:

	2025	2024
Tangible capital assets	\$ 6,530,770	\$ 6,962,956
Intangible assets	1,044	6,146
Cloud computing implementation costs	550,801	184,031
Less:		
Long-term debt	(399,753)	(546,196)
Deferred contributions related to capital assets	(5,083,861)	(5,483,259)
	\$ 1,599,001	\$ 1,123,678

15. COMMITMENTS

The Organization has entered into a renewable annual contract for technology services with a current annual cost of \$92,400 of which 20% is allocated to the Organization and 80% is allocated to Variety Village. 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.

Either Variety Village 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	\$ 37,932
2027	37,633
2028	35,904
2029	24,812
	\$ 136,281

16. FINANCIAL RISK MANAGEMENT

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 3.242% (see Note 9) and to market risk on its investments (see Note 3). The Organization is also subject to interest rate risk on its revolving line of credit with a floating rate equal to bank prime (see Note 9). Interest rate and market risks result from changes in fair value due to market fluctuations in interest rates.

Variety - The Children's Charity (Ontario)
Non-consolidated Schedule of Fundraising - Schedule 1
Year Ended September 30, 2025

	Revenue	Expenses	2025 Net	2024 Net
Events				
Golf tournaments	\$ 130,175	\$ 3,848	\$ 126,327	\$ 163,995
Pizza Nova	241,420	6,681	234,739	206,983
In the Spotlight	2,000	4,177	(2,177)	(3,686)
Toronto Sun Fund	133,104	11,404	121,700	107,619
Gala	53,552	21,954	31,598	60,906
Holiday Party	40,649	6,668	33,981	26,170
Raffles	3,870	4,460	(590)	4,031
Other events	241,363	187,878	53,485	39,949
	846,133	247,070	599,063	605,967
Annual campaigns				
General fundraising	3,112	-	3,112	1,500
Unsolicited contributions	137,885	6,010	131,875	141,212
Planned gifts	30,523	-	30,523	-
Corporate	11,962	-	11,962	16,812
Grants	6,969	-	6,969	24,026
Amortization of deferred contributions related to capital assets	430,411	-	430,411	423,860
	620,862	6,010	614,852	607,410
	\$ 1,466,995	\$ 253,080	1,213,915	1,213,377
Expenses				
Salaries and benefits			306,283	286,248
Professional fees			3,349	2,855
Office and general			4,542	12,773
			314,174	301,876
Excess of fundraising revenue over expenses			\$ 899,741	\$ 911,501

Variety - The Children's Charity (Ontario)
Non-consolidated Schedule of Gaming Operations - Schedule 2
Year Ended September 30, 2025

	2025	2024
Nevada revenues	\$ 53,143	\$ 66,883
Less: licence and management fees	(27,001)	(33,313)
Community gaming revenues	388,551	378,635
Community gaming revenues transferred from Variety Village	-	81,956
Less: subsidy allocations	(388,551)	(459,591)
Less: expenses	(26,658)	(38,714)
Deficiency of gaming revenue over expenses	\$ (516)	\$ (4,144)

Variety - The Children's Charity (Ontario)
Schedule of Program Expenses - Schedule 3
Year Ended September 30, 2025

	2025	2024
Program salaries	\$ 452,873	\$ 398,850
Program expenses	124,703	182,904
Total program expenses	\$ 577,576	\$ 581,754