

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

Consolidated Financial Statements

(unaudited - see Notice to Reader)

For the Year Ended September 30, 2016



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NOTICE TO READER

On the basis of information provided by management, we have compiled the consolidated statement of financial position of Variety - The Children's Charity (Ontario) as at September 30, 2016 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended.

We have not performed an audit or review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Collins Barrow Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants
January 18, 2017
Toronto, Ontario

Variety - The Children's Charity (Ontario)
Consolidated Statement of Financial Position
As at September 30, 2016
(unaudited - see Notice to Reader)

	2016	2015
Assets		
Current		
Cash	\$ 1,454,597	\$ 576,843
Accounts receivable	111,733	332,893
Contributions receivable	600,000	500,000
Investments	860,659	2,218,959
Prepaid expenses and supplies	104,771	126,202
	3,131,760	3,754,897
Endowment investments	494,403	494,267
Capital assets	6,266,130	6,343,196
Intangible assets	250,900	243,214
	\$ 10,143,193	\$ 10,835,574
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,122,357	\$ 1,113,354
Deferred revenue	393,679	604,620
Current portion of long-term debt	1,139,714	296,609
	2,655,750	2,014,583
Long-term debt	1,502,978	2,487,348
	4,158,728	4,501,931
Deferred contributions	474,410	446,027
Deferred contributions related to capital assets	2,398,174	2,514,917
	7,031,312	7,462,875
Net assets		
Endowments	493,375	493,375
Invested in capital assets	1,476,164	1,287,536
Operating	1,142,342	1,591,788
	3,111,881	3,372,699
	\$ 10,143,193	\$ 10,835,574

Approved by the Board

Chair

Treasurer

Variety - The Children's Charity (Ontario)
Consolidated Statement of Changes in Net Assets
Year Ended September 30, 2016
(unaudited - see Notice to Reader)

	Endowments	Invested in Capital Assets	Operating	Total 2016	Total 2015
Net assets, beginning of year	\$ 493,375	\$ 1,287,536	\$ 1,591,788	\$ 3,372,699	\$ 3,432,956
Excess (deficiency) of revenue over expenses	-	(550,435)	289,617	(260,818)	(60,257)
Interfund transfer	-	739,063	(739,063)	-	-
Net assets, end of the year	\$ 493,375	\$ 1,476,164	\$ 1,142,342	\$ 3,111,881	\$ 3,372,699

Variety - The Children's Charity (Ontario)**Consolidated Statement of Operations****Year Ended September 30, 2016**

(unaudited - see Notice to Reader)

	2016	2015
Revenue		
Fundraising, net (Schedule 1)	\$ 1,028,155	\$ 657,282
Provincial funding	1,100,000	1,020,000
Gaming operations, net (Schedule 8)	128,045	118,392
Fitness club membership	1,709,277	1,738,370
Program fees and contributions	908,465	952,723
Team fees and contributions	356,847	339,547
Education	457,260	470,912
Interest	29,433	120,572
Rental	154,843	199,387
Other	68,336	247,780
	5,940,661	5,864,965
Expenses		
Fitness club (Schedule 2)	1,341,820	1,256,197
Programs (Schedule 3)	938,549	992,942
Teams (Schedule 4)	302,329	314,109
Education (Schedule 5)	191,604	232,719
Administration (Schedule 6)	1,284,623	1,062,294
Building services (Schedule 7)	1,239,283	1,386,433
Mortgage receivable impairment (recovery)	-	(130,000)
	5,298,208	5,114,694
Excess of revenue over expenses before interest expense and amortization of capital assets	642,453	750,271
Interest expense	88,593	93,626
Amortization of capital assets	814,678	727,131
	903,271	820,757
Deficiency of revenue over expenses	(260,818)	(70,486)
Gain on disposition of capital assets	-	10,229
Deficiency of revenue over expenses	\$ (260,818)	\$ (60,257)

Variety - The Children's Charity (Ontario)
Consolidated Statement of Cash Flows
Year Ended September 30, 2016
(unaudited - see Notice to Reader)

	2016	2015
Operating activities		
Deficiency of revenue over expenses	\$ (260,818)	\$ (60,257)
Non-cash items:		
Amortization of capital assets	814,678	727,131
Amortization of deferred contributions	(413,537)	(148,746)
Amortization of deferred government grants	(264,243)	(780,436)
Change in non-cash operating balances	(59,347)	(85,841)
Impairment (recovery) of mortgages receivable	-	(130,000)
	(183,267)	(478,149)
Investing activities		
Purchase of investments	-	(2,231,551)
Proceeds from sale of investments	1,358,300	1,118,574
Purchase of endowment investments	(136)	6,523
Purchase of capital assets	(662,903)	(423,637)
Purchase of intangible assets	(82,395)	(243,214)
Receipts from mortgage receivable	-	1,286,515
	612,866	(486,790)
Financing activities		
Deferred contributions received	441,920	570,352
Deferred contributions and transfers received related to capital assets	147,500	408,707
Repayment of long-term debt	(141,265)	(1,282,692)
	448,155	(303,633)
Net change in cash	877,754	(1,268,572)
Cash, beginning of year	576,843	1,845,415
Cash, end of year	\$ 1,454,597	\$ 576,843

Variety - The Children's Charity (Ontario)

Notes to Consolidated Financial Statements

September 30, 2016

(unaudited - see Notice to Reader)

1. NATURE OF THE ORGANIZATION

Variety - The Children's Charity (Ontario) (the "Organization") is a unique charitable organization offering opportunities to people with disabilities through use of the Variety Village fitness facility and through various education programs.

The Organization is a not-for-profit organization. The Organization exercises control over Variety Village and Variety Club of Ontario - Tent 28 by virtue of a common Board of Directors and through the Organization's control and direction of resources. All entities are registered under the laws of Ontario as a corporation without share capital.

The Organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements are met.

2. BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Variety - The Children's Charity (Ontario), Variety Village and Variety Club of Ontario - Tent 28. Intercompany transactions and balances are eliminated on consolidation.

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Fundraising - Schedule 1
Year Ended September 30, 2016
(unaudited - see Notice to Reader)

	Revenue	Expenses	2016	2015
Events				
Golf tournaments	\$ 108,000	\$ 2,294	\$ 105,706	\$ 102,365
Walk Roll Run	-	-	-	52,528
Luncheon	69,325	22,317	47,008	119,849
World's Greatest Holiday Party	49,848	12,305	37,543	41,350
Toronto Sun Fund	29,629	-	29,629	28,645
Pizza Nova Day	108,824	924	107,900	93,815
Other events	80,886	8,400	72,486	83,407
Allocation of event revenue to department revenue lines	(2,082)	-	(2,082)	(164,145)
	444,430	46,240	398,190	357,814
Annual campaigns				
Unsolicited contributions	250,457	53,940	196,517	354,186
Planned gifts	460,041	-	460,041	280,732
Direct mail	67,810	24,112	43,698	24,058
Corporate	30,206	-	30,206	112,042
Government grants	11,029	-	11,029	265,426
Gold Hearts	36	-	36	585
Grant amortization	264,243	-	264,243	232,685
Allocation of annual campaigns revenue to department revenue lines	(55,445)	-	(55,445)	(564,995)
	1,028,377	78,052	950,325	704,719
	1,472,807	124,292	1,348,515	1,062,533
Expenses				
Salaries and benefits			232,142	369,018
Professional fees			68,976	640
Office and general			19,242	35,593
			320,360	405,251
Excess of fundraising revenue over expenses			\$ 1,028,155	\$ 657,282

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Fitness Club Expenses - Schedule 2
Year Ended September 30, 2016
(unaudited - see Notice to Reader)

	2016	2015
Salaries and benefits	\$ 1,125,314	\$ 1,066,007
Kiosk cost of sales	86,890	67,766
Equipment, repairs and supplies	33,155	44,306
Advertising and promotion	96,461	78,118
	\$ 1,341,820	\$ 1,256,197

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Programs Expenses - Schedule 3
Year Ended September 30, 2016
(unaudited - see Notice to Reader)

	2016	2015
Salaries and benefits	\$ 879,664	\$ 872,551
Employee related expenses	5,623	4,139
Equipment, repairs and supplies	20,209	20,484
Professional fees	10,310	9,912
General office supplies	4,187	6,534
Travel	11,004	9,508
Other	7,552	69,814
	\$ 938,549	\$ 992,942

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Teams Expenses - Schedule 4
Year Ended September 30, 2016
(unaudited - see Notice to Reader)

	2016	2015
Salaries and benefits	\$ 255,919	\$ 178,443
Equipment, repairs and supplies	15,178	29,130
Travel	1,134	13,946
Tournament and registration costs	25,574	34,803
Other	4,524	57,787
	\$ 302,329	\$ 314,109

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Education Expenses - Schedule 5
Year Ended September 30, 2016
(unaudited - see Notice to Reader)

	2016	2015
Salaries and benefits	\$ 192,764	\$ 225,636
Program costs	(1,160)	7,083
	\$ 191,604	\$ 232,719

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Administration Expenses- Schedule 6
Year Ended September 30, 2016
(unaudited - see Notice to Reader)

	2016	2015
Salaries and benefits	\$ 764,775	\$ 659,522
Office and general	266,920	199,463
Insurance	153,531	151,660
Professional fees	99,397	51,649
	\$ 1,284,623	\$ 1,062,294

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Building Services Expenses - Schedule 7
Year Ended September 30, 2016
(unaudited - see Notice to Reader)

	2016	2015
Salaries and benefits	\$ 327,868	\$ 325,688
Equipment, repairs and supplies	252,585	399,330
Cleaning services	204,517	216,929
Utilities	454,313	444,486
	\$ 1,239,283	\$ 1,386,433

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Gaming Operations - Schedule 8
Year Ended September 30, 2016
(unaudited - see Notice to Reader)

	2016	2015
Gross revenue		
Nevada	\$ 293,823	\$ 263,286
Less: Licence and management fees	165,778	144,894
Excess of gaming revenue over expenses	\$ 128,045	\$ 118,392