

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

Consolidated Financial Statements

(unaudited - see Notice to Reader)

For the Year Ended September 30, 2014



Collins Barrow

Chartered Accountants

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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, 2014 and the consolidated statements of operations, changes in net assets and statement of 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

Licensed Public Accountants
Chartered Accountants
December 9, 2014
Toronto, Ontario

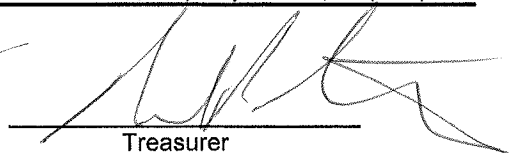
Variety - The Children's Charity (Ontario)
Consolidated Statement of Financial Position
As at September 30, 2014
(unaudited - see Notice to Reader)

	2014	2013
Assets		
Current		
Cash	\$ 1,845,415	\$ 764,791
Accounts receivable	358,721	305,601
Prepaid expenses and supplies	176,695	176,349
Current portion of mortgages receivable	1,156,515	2,082,840
	3,537,346	3,329,581
Investments	1,105,982	818,144
Mortgages receivable	-	1,242,040
Endowment investments	500,790	493,769
Capital assets	6,646,689	7,187,625
	\$ 11,790,807	\$ 13,071,159
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 901,292	\$ 1,066,653
Current portion of capital leases payable	-	20,928
Deferred revenue	565,673	533,641
Current portion of long-term debt	1,285,881	232,822
	2,752,846	1,854,044
Long-term debt	2,780,768	4,063,610
	5,533,614	5,917,654
Deferred contributions	485,341	362,263
Deferred contributions related to capital assets	1,019,016	1,040,815
Deferred government grants related to capital assets	1,319,880	1,468,626
	2,824,237	2,871,704
Net assets		
Endowments	493,375	493,375
Unrestricted	2,939,581	3,788,426
	3,432,956	4,281,801
	\$ 11,790,807	\$ 13,071,159

Going concern (Note 2)

Approved by the Board


Chair


Treasurer

Variety - The Children's Charity (Ontario)
Consolidated Statement of Changes in Net Assets
Year Ended September 30, 2014
(unaudited - see Notice to Reader)

	Endowments	Unrestricted	2014	2013
Net assets, beginning of year	\$ 493,375	\$ 3,788,426	\$ 4,281,801	\$ 4,269,514
Endowment contribution	-	-	-	53,272
Deficiency of revenue over expenses	-	(848,845)	(848,845)	(40,985)
Net assets, end of year	\$ 493,375	\$ 2,939,581	\$ 3,432,956	\$ 4,281,801

Variety - The Children's Charity (Ontario)
Consolidated Statement of Operations
Year Ended September 30, 2014
(unaudited - see Notice to Reader)

	2014	2013
Revenue		
Fundraising, net (Schedule 1)	\$ 559,942	\$ 929,565
Provincial funding	960,000	1,000,000
Gaming operations, net (Schedule 8)	124,942	79,427
Fitness club membership	1,803,366	1,827,302
Program fees and contributions	1,126,027	1,122,227
Team fees and contributions	689,127	680,608
Education	155,294	191,352
Interest	167,927	204,788
Rental	148,149	111,895
Other	100,239	140,064
	5,835,013	6,287,228
Expenses		
Fitness club (Schedule 2)	1,260,472	1,244,774
Programs (Schedule 3)	845,148	803,953
Teams (Schedule 4)	715,140	706,677
Education (Schedule 5)	254,625	246,367
Administration (Schedule 6)	996,599	1,145,621
Building services (Schedule 7)	1,219,444	1,150,272
Mortgage receivable impairment	130,000	-
	5,421,428	5,297,664
Excess of revenue over expenses before interest expense and amortization of capital assets	413,585	989,564
Interest expense	(135,479)	(186,004)
Amortization of capital assets	(704,261)	(710,789)
	(839,740)	(896,793)
Excess (deficiency) of revenue over expenses before discontinued operations	(426,155)	92,771
Discontinued bingo operations, net (Schedule 9)	(422,690)	(133,756)
Deficiency of revenue over expenses	\$ (848,845)	\$ (40,985)

Variety - The Children's Charity (Ontario)
Consolidated Statement of Cash Flows
Year Ended September 30, 2014
(unaudited - see Notice to Reader)

	2014	2013
Operating activities		
Deficiency of revenue over expenses	\$ (848,845)	\$ (40,985)
Non-cash items:		
Amortization of capital assets	704,261	710,789
Amortization of deferred contributions	(65,443)	(57,868)
Amortization of deferred government grants	(148,746)	(148,746)
Fair value of donated investments	(10,036)	(9,759)
Accrued interest on endowment investments and investments	(13,850)	(1,685)
Change in non-cash operating balances	(186,651)	6,806
Impairment of mortgages receivable	130,000	-
	(439,310)	458,552
Investing activities		
Purchase of investments	(1,082,069)	(799,376)
Proceeds from sale of investments	801,061	531,213
Purchase of endowment investments	-	(383,139)
Purchase of capital assets	(163,327)	(391,859)
Proceeds from sale of donated assets	10,036	9,759
Receipts from mortgage receivable	2,038,365	208,258
	1,604,066	(825,144)
Financing activities		
Increase in deferred contributions	122,935	31,300
Deferred contributions related to capital	43,644	139,399
Repayment of long-term capital leases	(20,928)	(18,381)
Repayment of long-term debt	(229,783)	(4,313,429)
Proceeds from long-term debt	-	4,500,000
	(84,132)	338,889
Net change in cash	1,080,624	(27,703)
Cash, beginning of year	764,791	792,494
Cash, end of year	\$ 1,845,415	\$ 764,791

Variety - The Children's Charity (Ontario)
Notes to Consolidated Financial Statements
September 30, 2014
(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

These consolidated financial statements have been prepared on the basis of accounting principals applicable to a going concern, which contemplates the realization of assets and liabilities through the normal course of operations and the achievement of positive cash flows. The ability of the Organization to continue as a going concern is dependent on the achievement of positive cash flows from operations to fund programs and support the building services expenses, the ability to discharge its long-term debt and the collection of mortgages receivable.

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, 2014
(unaudited - see Notice to Reader)

	Revenue	Expenses	2014	2013
Events				
Golf tournaments	\$ 113,400	\$ 2,548	\$ 110,852	\$ 113,988
Walk Roll Run	172,857	32,455	140,402	28,059
Luncheon	73,300	26,665	46,635	44,187
World's Greatest Holiday Party	44,085	15,384	28,701	32,973
Toronto Sun Fund	28,464	236	28,228	23,911
Pizza Nova Day	82,671	4,080	78,591	70,915
Other events	140,509	15,466	125,043	132,301
Allocation of event revenue to department revenue lines	(151,409)	-	(151,409)	(81,797)
	503,877	96,834	407,043	364,537
Annual campaigns				
Foundations	76,097	-	76,097	91,688
Individuals	81,040	-	81,040	79,773
Unsolicited contributions	131,761	2,016	129,745	111,823
Planned gifts	190,857	-	190,857	522,040
Direct mail	29,098	7,424	21,674	14,549
Corporate	50,888	-	50,888	42,164
Government grants	125,401	-	125,401	50,573
Gold Hearts	906	-	906	104
Grant amortization	214,189	-	214,189	206,614
Allocation of annual campaigns revenue to department revenue lines	(303,002)	-	(303,002)	(210,731)
	597,235	9,440	587,795	908,597
	1,101,112	106,274	994,838	1,273,134
Expenses				
Salaries and benefits			409,909	326,265
Professional fees			670	923
Office and general			24,317	16,381
			434,896	343,569
Excess of fundraising revenue over expenses			\$ 559,942	\$ 929,565

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Fitness Club Expenses - Schedule 2
Year Ended September 30, 2014
(unaudited - see Notice to Reader)

	2014	2013
Salaries and benefits	\$ 1,063,748	\$ 1,070,443
Cost of sales	74,200	68,361
Equipment, repairs and supplies	38,426	36,959
Advertising and promotion	84,098	69,011
	\$ 1,260,472	\$ 1,244,774

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Programs Expenses - Schedule 3
Year Ended September 30, 2014
(unaudited - see Notice to Reader)

	2014	2013
Salaries and benefits	\$ 761,557	\$ 715,899
Employee related expenses	2,009	363
Equipment, repairs and supplies	21,662	26,855
Professional fees	7,861	9,597
General office supplies	7,583	7,346
Travel	11,522	17,165
Other	32,954	26,728
	\$ 845,148	\$ 803,953

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Teams Expenses - Schedule 4
Year Ended September 30, 2014
(unaudited - see Notice to Reader)

	2014	2013
Salaries and benefits	\$ 399,743	\$ 408,477
Equipment, repairs and supplies	25,753	12,613
Travel	92,150	85,345
Tournament and registration costs	81,506	74,482
Other	115,988	125,760
	\$ 715,140	\$ 706,677

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Education Expenses - Schedule 5
Year Ended September 30, 2014
(unaudited - see Notice to Reader)

	2014	2013
Salaries and benefits	\$ 239,330	\$ 184,462
Program costs	15,295	61,905
	\$ 254,625	\$ 246,367

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Administration Expenses- Schedule 6
Year Ended September 30, 2014
(unaudited - see Notice to Reader)

	2014	2013
Salaries and benefits	\$ 636,344	\$ 661,433
Office and general	106,846	170,797
Insurance	135,988	133,780
Professional fees	117,421	179,611
	\$ 996,599	\$ 1,145,621

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Building Services Expenses - Schedule 7
Year Ended September 30, 2014
(unaudited - see Notice to Reader)

	2014	2013
Salaries and benefits	\$ 376,296	\$ 341,937
Equipment, repairs and supplies	249,452	284,522
Cleaning services	189,451	150,634
Utilities	404,245	373,179
	\$ 1,219,444	\$ 1,150,272

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Gaming Operations - Schedule 8
Year Ended September 30, 2014
(unaudited - see Notice to Reader)

	2014	2013
Gross revenue		
Nevada	\$ 277,691	\$ 243,103
Less: Licence and management fees	150,441	148,536
	127,250	94,567
Administrative expenses		
Bank charges and interest	138	120
Office and general	2,170	15,020
	2,308	15,140
Excess of gaming revenue over expenses	\$ 124,942	\$ 79,427

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Discontinued Bingo Operations - Schedule 9
Year Ended September 30, 2014
(unaudited - see Notice to Reader)

	2014	2013
Gross revenue		
Bingo sessions	\$ 2,734,597	\$ 5,793,867
Nevada	963,800	1,955,660
Concessions and accessories	36,969	61,627
	3,735,366	7,811,154
Payouts		
Bingo sessions	2,827,864	5,671,768
Nevada	663,260	1,257,182
	3,491,124	6,928,950
Revenue, net of payouts		
Bingo sessions	(93,267)	122,099
Nevada	300,540	698,478
Concessions and accessories	36,969	61,627
	244,242	882,204
Hall expenses	638,947	1,011,112
	(394,705)	(128,908)
Administrative expenses		
Professional fees	8,778	10,592
Bank charges and interest	5,056	7,593
Office and general (recovery)	14,151	(13,337)
	27,985	4,848
Deficiency of gaming revenue over expenses	\$ (422,690)	\$ (133,756)