

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

Consolidated Financial Statements

(unaudited - see Notice to Reader)

For the Year Ended September 30, 2017



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, 2017 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.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
December 13, 2017
Toronto, Ontario

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Variety - The Children's Charity (Ontario)
Consolidated Statement of Financial Position
As at September 30, 2017
(unaudited - see Notice to Reader)

	2017	2016
Assets		
Current		
Cash and cash equivalents	\$ 1,333,101	\$ 1,454,597
Accounts receivable	256,017	112,761
Contributions receivable	-	600,000
Investments	596,218	860,659
Prepaid expenses	147,214	104,771
	2,332,550	3,132,788
Endowment investments	493,375	493,375
Capital assets	5,864,658	6,266,130
Intangible assets	173,570	250,900
	\$ 8,864,153	\$ 10,143,193
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 589,355	\$ 1,122,357
Deferred revenue	464,631	393,679
Current portion of long-term debt	144,999	1,139,714
	1,198,985	2,655,750
Long-term debt	1,340,680	1,502,978
	2,539,665	4,158,728
Deferred contributions	586,507	474,410
Deferred contributions related to capital assets	2,871,849	2,398,174
	5,998,021	7,031,312
Net assets		
Endowments	493,375	493,375
Invested in capital assets	1,680,700	1,476,164
Operating	692,057	1,142,342
	2,866,132	3,111,881
	\$ 8,864,153	\$ 10,143,193

Approved by the Board  Chair  Treasurer

Variety - The Children's Charity (Ontario)
Consolidated Statement of Changes in Net Assets
Year Ended September 30, 2017
(unaudited - see Notice to Reader)

	Endowments	Invested in Capital Assets	Operating	Total 2017	Total 2016
Net assets, beginning of year	\$ 493,375	\$ 1,476,164	\$ 1,142,342	\$ 3,111,881	\$ 3,372,699
Excess (deficiency) of revenue over expenses	-	(511,405)	265,656	(245,749)	(260,818)
Interfund transfer	-	715,941	(715,941)	-	-
Net assets, end of the year	\$ 493,375	\$ 1,680,700	\$ 692,057	\$ 2,866,132	\$ 3,111,881

Variety - The Children's Charity (Ontario)**Consolidated Statement of Operations****Year Ended September 30, 2017**

(unaudited - see Notice to Reader)

	2017	2016
Revenue		
Fundraising, net (Schedule 1)	\$ 645,743	\$ 1,028,155
Provincial grant	1,000,000	1,100,000
Gaming operations, net (Schedule 8)	121,025	127,929
Fitness club membership	1,876,071	1,709,277
Program fees and contributions	934,157	908,465
Team fees and contributions	349,029	356,847
Education	468,014	457,260
Interest	11,669	29,433
Rental	254,140	157,136
Other	141,485	68,336
	5,801,333	5,942,838
Expenses		
Fitness club (Schedule 2)	1,304,335	1,341,820
Programs (Schedule 3)	1,002,749	938,549
Teams (Schedule 4)	375,998	302,329
Education (Schedule 5)	211,842	191,604
Administration (Schedule 6)	1,378,995	1,286,916
Building services (Schedule 7)	1,246,551	1,239,283
	5,520,470	5,300,501
Excess of revenue over expenses before the undernoted	280,863	642,337
Interest expense	64,245	88,477
Amortization of capital assets	815,761	814,678
Reversal of expense over-accrual	(353,394)	-
	526,612	903,155
Deficiency of revenue over expenses	\$ (245,749)	\$ (260,818)

Variety - The Children's Charity (Ontario)
Consolidated Statement of Cash Flows
Year Ended September 30, 2017
(unaudited - see Notice to Reader)

	2017	2016
Operating activities		
Deficiency of revenue over expenses	\$ (245,749)	\$ (260,818)
Non-cash items:		
Amortization of capital assets	815,761	814,678
Amortization of deferred contributions	(390,570)	(413,537)
Amortization of deferred contributions related to capital assets	(304,356)	(264,243)
Change in non-cash operating balances	(47,749)	(60,375)
	(172,663)	(184,295)
Investing activities		
Purchase of investments	(221,850)	-
Proceeds from sale of investments	486,291	1,358,300
Purchase of endowment investments	-	892
Purchase of capital assets	(313,929)	(662,903)
Purchase of intangible assets	(23,030)	(82,395)
	(72,518)	613,894
Financing activities		
Deferred contributions received	502,667	441,920
Deferred contributions and transfers received related to capital assets	778,031	147,500
Repayment of long-term debt	(1,157,013)	(141,265)
	123,685	448,155
Net change in cash and cash equivalents	(121,496)	877,754
Cash and cash equivalents, beginning of year	1,454,597	576,843
Cash and cash equivalents, end of year	\$ 1,333,101	\$ 1,454,597

Variety - The Children's Charity (Ontario)

Notes to Consolidated Financial Statements

September 30, 2017

(unaudited - see Notice to Reader)

1. NATURE OF THE ORGANIZATION

Variety - The Children's Charity (Ontario) (the "Organization") is a unique charitable organization, which aims to improve the quality of life for children with disabilities in Ontario by funding special programs. The Organization offers opportunities using an inclusionary model for fitness and sport development at the all-ability Variety Village fitness facility and through further educational 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.

3. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation. Deficiency of revenue over expenses has not been affected by these reclassifications.

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Fundraising - Schedule 1
Year Ended September 30, 2017
(unaudited - see Notice to Reader)

	Revenue	Expenses	2017	2016
Events				
Golf tournaments	\$ 114,175	\$ 2,849	\$ 111,326	\$ 105,706
Luncheon	74,129	22,884	51,245	47,008
World's Greatest Holiday Party	52,187	5,084	47,103	37,543
Toronto Sun Fund	29,817	-	29,817	29,629
Pizza Nova Day	100,207	1,943	98,264	107,900
Other events	111,116	13,070	98,046	72,486
Allocation of event revenue to department revenue lines	-	-	-	(2,082)
	481,631	45,830	435,801	398,190
Annual campaigns				
Unsolicited contributions	141,734	70,959	70,775	196,517
Planned gifts	158,635	-	158,635	460,041
Direct mail	24,541	4,273	20,268	43,698
Corporate	6,490	-	6,490	30,206
Government grants	41,195	-	41,195	11,029
Gold Hearts	9	-	9	36
Grant amortization	304,356	-	304,356	264,243
Allocation of revenue (to) from deferred revenue	8,782	-	8,782	(55,445)
	685,742	75,232	610,510	950,325
	1,167,373	121,062	1,046,311	1,348,515
Expenses				
Salaries and benefits			174,641	232,142
Professional fees			211,241	68,976
Office and general			14,686	19,242
			400,568	320,360
Excess of fundraising revenue over expenses			\$ 645,743	\$ 1,028,155

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Fitness Club Expenses - Schedule 2
Year Ended September 30, 2017
(unaudited - see Notice to Reader)

	2017	2016
Salaries and benefits	\$ 1,075,176	\$ 1,125,314
Kiosk cost of sales	100,692	86,890
Equipment, repairs and supplies	28,644	33,155
Advertising and promotion	99,823	96,461
	\$ 1,304,335	\$ 1,341,820

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Programs Expenses - Schedule 3
Year Ended September 30, 2017
(unaudited - see Notice to Reader)

	2017	2016
Salaries and benefits	\$ 897,132	\$ 879,664
Employee related expenses	10,111	5,623
Equipment, repairs and supplies	27,487	20,209
Professional fees	9,898	10,310
General office supplies	17,402	4,187
Travel	12,619	11,004
Other	28,100	7,552
	\$ 1,002,749	\$ 938,549

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Teams Expenses - Schedule 4
Year Ended September 30, 2017
(unaudited - see Notice to Reader)

	2017	2016
Salaries and benefits	\$ 318,039	\$ 255,919
Equipment, repairs and supplies	7,922	15,178
Travel	3,882	1,134
Tournament and registration costs	19,445	25,574
Other	26,710	4,524
	\$ 375,998	\$ 302,329

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Education Expenses - Schedule 5
Year Ended September 30, 2017
(unaudited - see Notice to Reader)

	2017	2016
Salaries and benefits	\$ 200,122	\$ 192,764
Program costs	11,720	(1,160)
	\$ 211,842	\$ 191,604

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Administration Expenses- Schedule 6
Year Ended September 30, 2017
(unaudited - see Notice to Reader)

	2017	2016
Salaries and benefits	\$ 887,102	\$ 764,775
Office and general	262,733	269,213
Insurance	161,166	153,531
Professional fees	67,994	99,397
	\$ 1,378,995	\$ 1,286,916

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Building Services Expenses - Schedule 7
Year Ended September 30, 2017
(unaudited - see Notice to Reader)

	2017	2016
Salaries and benefits	\$ 328,775	\$ 327,868
Equipment, repairs and supplies	227,936	252,585
Cleaning services	218,080	204,517
Utilities	471,760	454,313
	\$ 1,246,551	\$ 1,239,283

Variety - The Children's Charity (Ontario)
Consolidated Schedule of Gaming Operations - Schedule 8
Year Ended September 30, 2017
(unaudited - see Notice to Reader)

	2017	2016
Gross revenue		
Nevada	\$ 291,081	\$ 293,823
Less: Licence and management fees	170,056	165,894
Excess of gaming revenue over expenses	\$ 121,025	\$ 127,929