

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

**Non-consolidated Financial Statements**

**For the Year Ended September 30, 2014**

## **INDEPENDENT AUDITORS' REPORT**

### **To the Board of Directors of Variety - The Children's Charity (Ontario)**

We have audited the accompanying 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, 2014 and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Non-consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### *Basis for Qualified Opinion*

In common with many charitable organizations, the Organization derives revenues from fundraising and gaming operations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and gaming operations revenue, excess (deficiency) of revenue over expenses and cash flows from operations for the year ended September 30, 2014, current assets as at September 30, 2014 and net assets as at September 30, 2014 and October 1, 2013.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the non-consolidated financial statements present fairly, in all material respects, the financial position of Variety - The Children's Charity (Ontario) as at September 30, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Emphasis of Matter*

Without further qualifying our opinion, we draw attention to Note 2 which indicates the existence of material uncertainties that may cast significant doubts about the Organization's ability to continue as a going concern.

*Collins Barrow Toronto LLP*

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

**Variety - The Children's Charity (Ontario)**  
**Non-consolidated Statement of Financial Position**  
**As at September 30, 2014**

	2014	2013
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 1,669,684	\$ 566,249
Accounts receivable (Note 5)	132,847	30,620
Prepaid expenses and supplies	39,839	37,160
Due from related parties (Note 9)	-	24,509
Current portion of mortgages receivable (Note 7)	1,156,515	2,082,840
	2,998,885	2,741,378
Investments (Note 6)	1,105,982	818,144
Mortgages receivable (Note 7)	-	1,242,040
Endowment investments (Note 6)	408,596	401,575
Capital assets (Note 8)	6,607,337	7,148,949
	\$ 11,120,800	\$ 12,352,086
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 562,492	\$ 675,740
Current portion of capital lease payable	-	20,928
Due to related parties (Note 9)	99,322	-
Current portion of long-term debt (Note 10)	1,285,881	232,822
	1,947,695	929,490
Long-term debt (Note 10)	2,780,768	4,063,610
	4,728,463	4,993,100
Deferred contributions (Note 11)	42,436	42,293
Deferred contributions related to capital assets (Note 12)	1,019,016	1,040,815
Deferred government grants related to capital assets (Note 13)	1,319,880	1,468,626
	2,381,332	2,551,734
<b>Net assets</b>		
Endowments (Note 14)	401,181	401,181
Unrestricted	3,609,824	4,406,071
	4,011,005	4,807,252
	\$ 11,120,800	\$ 12,352,086

Going concern (Note 2)  
 Commitments (Note 16)  
 Subsequent event (Note 10)

Approved by the Board

  
 Chair

  
 Treasurer

**Variety - The Children's Charity (Ontario)**  
**Non-consolidated Statements of Changes in Net Assets**  
**Year Ended September 30, 2014**

	Endowments (Note 14)	Unrestricted	Total 2014	Total 2013
Net assets, beginning of year	\$ 401,181	\$ 4,406,071	\$ 4,807,252	\$ 5,346,647
Endowment contribution	-	-	-	50,972
Deficiency of revenue over expenses	-	(796,247)	(796,247)	(590,367)
<b>Net assets, end of the year</b>	<b>\$ 401,181</b>	<b>\$ 3,609,824</b>	<b>\$ 4,011,005</b>	<b>\$ 4,807,252</b>

**Variety - The Children's Charity (Ontario)**  
**Non-consolidated Statement of Operations**  
**Year Ended September 30, 2014**

	2014	2013
<b>Revenue</b>		
Fundraising, net (Schedule 1)	\$ 380,492	\$ 662,072
Provincial funding	960,000	1,000,000
Gaming operations, net (Schedule 2)	124,942	79,427
Interest	167,927	204,788
Other income	19,380	11,064
	<b>1,652,741</b>	<b>1,957,351</b>
<b>Administrative expenses</b>		
Salaries and benefits	157,425	170,817
Professional fees	40,569	58,595
Office and general	35,544	52,655
Interest and bank charges	12,149	30,567
Rental property expenses	-	(113)
Interest on long-term debt (Note 10)	123,330	155,437
Insurance	25,722	26,933
Amortization	94	1,253
Mortgage receivable impairment (Note 7)	130,000	-
	<b>524,833</b>	<b>496,144</b>
<b>Excess of revenue over administrative expenses</b>	<b>1,127,908</b>	<b>1,461,207</b>
<b>Allocations to charitable activities (Note 9)</b>		
Variety Village	799,326	1,235,093
Benefit allocated for capital assets held for use by Variety Village	689,654	682,725
Variety Club of Ontario - Tent 28	12,485	-
	<b>1,501,465</b>	<b>1,917,818</b>
<b>Deficiency of revenue over expenses before discontinued operations</b>	<b>(373,557)</b>	<b>(456,611)</b>
<b>Discontinued bingo operations, net (Schedule 3)</b>	<b>(422,690)</b>	<b>(133,756)</b>
<b>Deficiency of revenue over expenses</b>	<b>\$ (796,247)</b>	<b>\$ (590,367)</b>

**Variety - The Children's Charity (Ontario)**  
**Non-consolidated Statement of Cash Flows**  
**Year Ended September 30, 2014**

	2014	2013
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Deficiency of revenue over expenses	\$ (796,247)	\$ (590,367)
Items not involving cash		
Amortization of capital assets	689,748	683,978
Amortization of deferred contributions (Note 12)	(65,443)	(57,868)
Amortization of deferred government grants (Note 13)	(148,746)	(148,746)
Fair value of donated investments	(10,036)	(9,759)
Accrued interest on endowment investments and investments (Note 6)	(13,850)	(1,685)
Change in non-cash operating balances (Note 15)	(94,181)	347,662
Mortgages receivable impairment	130,000	-
	<b>(308,755)</b>	<b>223,215</b>
<b>Investing activities</b>		
Purchase of investments (Note 6)	(1,082,069)	(799,376)
Proceeds from sale of investments (Note 6)	801,061	531,213
Purchase of endowment investments (Note 6)	-	(290,945)
Purchase of capital assets (Note 8)	(148,136)	(381,233)
Proceeds from sale of donated investments	10,036	9,759
Receipts from mortgage receivable	2,038,365	208,258
	<b>1,619,257</b>	<b>(722,324)</b>
<b>Financing activities</b>		
Deferred contributions related to capital received (Note 12)	43,644	139,399
Repayment of long-term capital lease payable	(20,928)	(18,381)
Repayment of long-term debt	(229,783)	(4,313,429)
Proceeds from long-term debt	-	4,500,000
	<b>(207,067)</b>	<b>307,589</b>
<b>Net change in cash</b>	<b>1,103,435</b>	<b>(191,520)</b>
<b>Cash, beginning of year</b>	<b>566,249</b>	<b>757,769</b>
<b>Cash, end of year</b>	<b>\$ 1,669,684</b>	<b>\$ 566,249</b>

**1. NATURE OF THE ORGANIZATION**

Variety - The Children's Charity (Ontario) (the "Organization") is incorporated under the laws of Ontario without share capital. It is a not-for-profit organization, which aims to improve the quality of life for children with disabilities in Ontario by funding special programs and facilities.

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

The Organization exercises control over Variety Village and Variety Club of Ontario - Tent 28 ("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 entities as well as the entities' intended purpose is disclosed in Note 17.

**2. BASIS OF PRESENTATION**

These non-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, the ability to discharge its long-term debt (Note 10) and the collection of mortgages receivable (Note 7). These non-consolidated financial statements include the financial position and results of the fundraising activities and gaming operations of the Organization, and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**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 allowance for doubtful accounts, collectibility of mortgages receivable, useful lives of capital assets and the allocation of shared expenses with Variety Village. Actual results could differ from those estimates.



**3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Financial Instruments**

The Organization initially measures its financial assets and liabilities at fair value. 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 deficiency of revenue over expenses.

Financial assets measured at amortized cost include accounts receivable, mortgages 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 cost or amortized costs are tested for impairment when there are indicators of impairment. The amount of the write-down, if any, is recognized in the deficiency 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 deficiency of revenue over expenses.

**Volunteer Services and Donated Assets**

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.

Donated assets are recorded at fair market value determined at the time the donation is made and if the donated assets would have otherwise been purchased.

**Revenue Recognition**

The Organization follows the deferral method of accounting for contributions, which include donations, bequests 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.

Endowments are recognized as direct increases in net assets, and are required to be maintained on a permanent basis. Income derived there from is available to support the Organization's activities.

Revenue from gaming operations and interest is recognized as earned.

Rental revenue consists of the lease of property owned by the Organization and is recognized over the term of the lease or rental period.

**3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Revenue Recognition (Cont'd)**

The value of donated materials and services are recorded 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.

All revenues are recognized, only after collectibility is assured and when the amount can be reasonably estimated.

**Capital Assets**

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. When capital assets no longer contribute to the Organization's ability to provide services, its carrying amount is written down to its residual value.

The Organization amortizes its property over its estimated useful life as follows:

Building	40 years
Building leasehold	20 years
Equipment	5 to 25 years

Any interest expense incurred from borrowing funds for capital projects is capitalized.

**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 three major fund groups as follows:

- i) Endowments – consists primarily of donations received from corporations (Note 14);
- ii) Unrestricted – funds received primarily through the efforts of fundraising and are not restricted for any specific purpose.

**4. DISCONTINUED OPERATIONS**

On March 31, 2014, the Organization closed the bingo operations. Bingo is a separate operation within the gaming operations. Management committed to a plan to close the bingo operations in January 2014 given the historical losses. Refer to Schedule 3 for the Schedule of Discontinued Bingo Operations.

**5. GOVERNMENT REMITTANCES AND REBATES**

Government rebates of \$16,689 (2013 - \$17,543) are reflected in accounts receivable. Included in accounts payable and accrued liabilities are the amounts payable in respect to government remittances of \$2,964 (2013 - \$5,622).

**6. ENDOWMENT INVESTMENTS AND INVESTMENT**

Endowment investments and investment are comprised of the following:

	2014	2013
<b>Endowment</b>		
Variable income securities	\$ 408,596	\$ 401,575
<b>Investments</b>		
Variable income securities	1,088,899	801,061
Time share	17,083	17,083
	<b>1,105,982</b>	<b>818,144</b>
	<b>\$ 1,514,578</b>	<b>\$ 1,219,719</b>

Variable income securities are held in a high interest savings account, which bear variable interest rate, guaranteed investment certificates, which bear a fixed interest rate. The endowment investments are contributions described in Note 14.

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

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**7. MORTGAGES RECEIVABLE**

	2014	2013
Vendor take back mortgage 2 Kelvin Avenue, bearing fixed interest at 5.69% per annum, due May 5, 2016 with monthly repayments, including principal and interest, of \$13,388. Mortgage is secured by the property.	\$ 1,286,515	\$ 1,329,952
Vendor take back mortgage 14 Trent Avenue, bearing fixed interest at 5.69% per annum, due May 5, 2014 with monthly repayments, including principal and interest, of \$20,082. Mortgage is secured by the property.	-	1,994,928
	<b>1,286,515</b>	<b>3,324,880</b>
Less: Impairment of mortgage receivable	<b>130,000</b>	-
Less: Current	<b>1,156,515</b>	<b>2,082,840</b>
	<b>\$ -</b>	<b>\$ 1,242,040</b>

In 2014 the Organization received notice that pursuant to a Court Order by the Ontario Superior Court of Justice dated November 5, 2013, a Manager had been appointed of, among other things, the assets, including the real property, of the company that purchased the Trent Avenue property and which had provided a vendor-take-back mortgage to the Organization (the "Mortgagor"). The Manager is, pursuant to the terms of the Court Order, empowered to manage, preserve and sell the Mortgagor's property. These terms were subsequently extended to include the Kelvin Avenue property.

On June 27, 2014, the Trent Avenue property was sold to a third party and the Organization recovered the full principal balance of the mortgage receivable.

Payments due by the Mortgagor to the Organization for the Kelvin Avenue property are in arrears and as such the mortgage outstanding on the Kelvin property is in default. The Organization is moving forward to obtain power of sale on the property.

In the opinion of management of the Organization, an impairment provision of \$130,000 against this mortgage receivable is required.

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

**8. CAPITAL ASSETS**

	Cost	Accumulated Amortization	Net 2014	Net 2013
Land	\$ 2	\$ -	\$ 2	\$ 2
Building	2,852,869	2,675,173	177,696	249,019
Building improvements	13,678,656	7,609,829	6,068,827	6,532,073
Equipment	2,010,759	1,649,947	360,812	367,855
	<b>\$18,542,286</b>	<b>\$11,934,949</b>	<b>\$ 6,607,337</b>	<b>\$ 7,148,949</b>

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

During the year, telecommunication and information technology hardware upgrades were completed for the year ended September 30, 2014 in the amount of \$148,138 (2013 - \$381,233). Capitalized interest of \$46,218 (2013 - \$47,978) is included in building improvements.

**9. DUE FROM/TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS**

Due from related parties:

	2014	2013
Variety Village	\$ -	\$ 14,102
Variety Club of Ontario - Tent 28	-	10,407
	<b>\$ -</b>	<b>\$ 24,509</b>

Due to related parties:

	2014	2013
Variety Village	\$ 99,322	\$ -

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

Variety Village is economically dependent on funding from the Organization. As a result, the Organization funds a substantial portion of Variety Village's operations. Contributions provided by the Organization for the year ended September 30, 2014 were \$1,488,980 (2013 - \$1,917,818).

The facilities and other capital assets are held for use by Variety Village. The Organization allocates the benefit in an amount equal to the amortization expense of the facilities and capital assets to Variety Village.

Benefit allocated to Variety Village for the year ended September 30, 2014 was \$689,654 (2013 - \$682,725) and is included in the total contributions of \$1,488,980 (2013 - \$1,917,818).

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

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**9. DUE FROM RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Cont'd)**

Shared expenses with Variety Village are recognized as related party transactions, including administration and fundraising, salaries and benefits, office and general, insurance and professional fees. The Organization has allocated administration salaries and benefits of \$478,919 (2013 - \$490,616) and fundraising salaries and benefits of \$122,934 (2013 - \$91,224) to Variety Village. Variety Village has allocated fundraising salaries and benefits of \$30,195 (2013 - \$30,195) to the Organization.

During the year the Organization contributed \$12,485 (2013 - \$Nil) to Tent 28.

**10. LONG-TERM DEBT**

	<b>2014</b>	<b>2013</b>
Bank credit facility, bearing fixed interest at 4.0% per annum, due October 1, 2014 with monthly repayments, including principal and interest, of \$33,300, based on a 15 year amortization period. This debt is secured by the assets held by the Organization and the lender has first ranking over all personal property of the Organization. The debt is guaranteed by Tent 28 and Variety Village.	<b>\$ 4,066,649</b>	\$ 4,296,432
Less: Current portion	<b>1,285,881</b>	232,822
	<b>\$ 2,780,768</b>	\$ 4,063,610

Subsequent to September 30, 2014, the Organization renewed the bank credit facility after making a repayment of \$1,000,000. The new terms include a fixed rate of interest at 3.75% per annum, due October 1, 2016 with monthly repayments of \$33,000, including principal and interest, based on a remaining 110 month amortization period.

Future principal repayments, after giving effect to the subsequent facility renewals, are as follows:

2015	\$ 1,285,881
2016	296,788
2017	2,483,980
	<b>\$ 4,066,649</b>

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

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**11. DEFERRED CONTRIBUTIONS**

Deferred contributions represent unspent externally restricted donations related to expenses of future periods. A significant portion of the balance relates to contributions received for a repairs and maintenance project not started at year end.

	<b>2014</b>	<b>2013</b>
Balance, beginning of year	\$ 42,293	\$ 18,981
Deferred contributions received	34,951	123,304
Amortization	(34,808)	(99,992)
Balance, end of year	\$ 42,436	\$ 42,293

**12. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

Deferred capital contributions relate to contributions received for renovations to the Facilities and are currently recognized as revenue on a straight-line basis based on the amortization rate of the related assets.

	<b>2014</b>	<b>2013</b>
Balance, beginning of year	\$ 1,040,815	\$ 959,284
Contributions received	43,644	139,399
Amortization	(65,443)	(57,868)
Balance, end of year	\$ 1,019,016	\$ 1,040,815

**13. DEFERRED GOVERNMENT GRANTS RELATED TO CAPITAL ASSETS**

The Organization has received various government grants for renovations to the Facilities. These grants are currently recognized as revenue on a straight-line basis based on the amortization rate of the related assets.

	<b>2014</b>	<b>2013</b>
Balance, beginning of year	\$ 1,468,626	\$ 1,617,372
Amortization	(148,746)	(148,746)
Balance, end of year	\$ 1,319,880	\$ 1,468,626

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

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**14. ENDOWMENTS**

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 may be used by the Organization for general purposes.

The balance of the endowment fund is \$401,181 (2013 - \$401,181) (Note 6).

**15. CHANGES IN NON-CASH OPERATING BALANCES**

	<b>2014</b>	<b>2013</b>
Decrease (increase) in accounts receivable	\$ (102,227)	\$ 360,227
Decrease (increase) in prepaid expenses and supplies	(2,679)	10,356
Change in due from/to related parties (Note 9)	123,831	6,452
Decrease in accounts payable and accrued liabilities	(113,249)	(52,685)
Increase in deferred contributions	143	23,312
	<b>\$ (94,181)</b>	<b>\$ 347,662</b>

**16. COMMITMENTS**

The Organization has obligations under various lease agreements for equipment as follows:

2015	\$ 4,991
2016	2,415
2017	2,415
2018	1,208
	<b>\$ 11,029</b>



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

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**17. 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 2014	Total 2013
<b>Financial position</b>				
Assets	\$ 769,221	\$ 108	\$ 769,329	\$ 743,582
Liabilities	1,345,174	2,204	1,347,378	1,269,033
<b>Total net assets</b>	<b>\$ (575,953)</b>	<b>\$ (2,096)</b>	<b>\$ (578,049)</b>	<b>\$ (525,451)</b>
<b>Results of operations</b>				
Total revenue	\$ 5,671,212	\$ 12,525	\$ 5,683,737	\$ 6,247,695
Total expenses	5,734,163	2,172	5,736,335	5,698,313
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (62,951)</b>	<b>\$ 10,353</b>	<b>\$ (52,598)</b>	<b>\$ 549,382</b>
<b>Cash flows</b>				
Cash from (used in)				
Operating activities	\$ (130,563)	\$ 8	\$ (130,555)	\$ 235,336
Financing activities	122,935	-	122,935	31,300
Investing activities	(15,191)	-	(15,191)	(102,820)
<b>Increase (decrease) in cash</b>	<b>\$ (22,819)</b>	<b>\$ 8</b>	<b>\$ (22,811)</b>	<b>\$ 163,816</b>

**18. FINANCIAL INSTRUMENTS**

**Credit Risk**

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

**19. COMPARATIVE FIGURES**

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

**Variety - The Children's Charity (Ontario)**  
**Non-consolidated Schedule of Fundraising - Schedule 1**  
**Year Ended September 30, 2014**

	Revenue	Expenses	2014 Net	2013 Net
<b>Events</b>				
Golf tournaments	\$ -	\$ -	\$ -	\$ 4,000
Pizza Nova Day	82,671	4,080	78,591	70,915
World's Greatest Holiday Party	44,085	15,384	28,701	32,973
Toronto Sun Fund	-	-	-	23,911
Other events	5,892	7,393	(1,501)	23,989
	<b>132,648</b>	<b>26,857</b>	<b>105,791</b>	<b>155,788</b>
<b>Annual campaigns</b>				
Foundations	11,000	-	11,000	800
Gold Hearts	906	-	906	104
Individuals	3,540	-	3,540	3,020
Unsolicited contributions	74,744	1,061	73,683	38,308
Planned gifts	184,967	-	184,967	435,750
Corporate	5,350	-	5,350	1,554
Government grants	-	-	-	72
Grant amortization (Notes 12 and 13)	214,189	-	214,189	206,614
Allocation of revenue to deferred contributions	(10,568)	-	(10,568)	-
	<b>484,128</b>	<b>1,061</b>	<b>483,067</b>	<b>686,222</b>
	<b>\$ 616,776</b>	<b>\$ 27,918</b>	<b>588,858</b>	<b>842,010</b>
<b>Expenses</b>				
Salaries and benefits			196,161	171,332
Office and general			12,205	8,606
			<b>208,366</b>	<b>179,938</b>
<b>Excess of fundraising revenue over expenses</b>			<b>\$ 380,492</b>	<b>\$ 662,072</b>

**Variety - The Children's Charity (Ontario)**  
**Non-consolidated Schedule of Gaming Operations - Schedule 2**  
**Year Ended September 30, 2014**

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

**Variety - The Children's Charity (Ontario)**  
**Non-consolidated Schedule of Discontinued Bingo Operations - Schedule 3**  
**Year Ended September 30, 2014**

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