

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

**Consolidated Financial Statements**

**(unaudited - see Notice to Reader)**

**For the Year Ended September 30, 2015**



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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, 2015 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*

Licensed Public Accountants  
Chartered Accountants  
December 7, 2015  
Toronto, Ontario



**Variety - The Children's Charity (Ontario)**  
**Consolidated Statement of Financial Position**  
**As at September 30, 2015**  
(unaudited - see Notice to Reader)

	2015	2014
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 576,843	\$ 1,845,415
Accounts receivable	832,893	360,530
Investments	2,218,959	1,105,982
Prepaid expenses and supplies	126,202	176,695
Current portion of mortgages receivable	-	1,156,515
	<b>3,754,897</b>	<b>4,645,137</b>
<b>Endowment investments</b>	<b>494,267</b>	<b>500,790</b>
<b>Capital assets</b>	<b>6,343,196</b>	<b>6,646,690</b>
<b>Intangible assets</b>	<b>243,214</b>	<b>-</b>
	<b>\$ 10,835,574</b>	<b>\$ 11,792,617</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 1,113,354	\$ 903,102
Deferred revenue	604,620	565,673
Current portion of long-term debt	296,609	1,285,881
	<b>2,014,583</b>	<b>2,754,656</b>
<b>Long-term debt</b>	<b>2,487,348</b>	<b>2,780,768</b>
	<b>4,501,931</b>	<b>5,535,424</b>
<b>Deferred contributions</b>	<b>446,027</b>	<b>485,341</b>
<b>Deferred contributions related to capital assets</b>	<b>1,343,783</b>	<b>1,019,016</b>
<b>Deferred government grants related to capital assets</b>	<b>1,171,134</b>	<b>1,319,880</b>
	<b>2,960,944</b>	<b>2,824,237</b>
<b>Net assets</b>		
<b>Endowments</b>	<b>493,375</b>	<b>493,375</b>
<b>Operating</b>	<b>2,879,324</b>	<b>2,939,581</b>
	<b>3,372,699</b>	<b>3,432,956</b>
	<b>\$ 10,835,574</b>	<b>\$ 11,792,617</b>

Approved by the Board

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Treasurer



**Variety - The Children's Charity (Ontario)**  
**Consolidated Statement of Changes in Net Assets**  
**Year Ended September 30, 2015**  
(unaudited - see Notice to Reader)

	<b>Endowments</b>	<b>Operating</b>	<b>2015</b>	<b>2014</b>
Net assets, beginning of year	\$ 493,375	\$ 2,939,581	\$ 3,432,956	\$ 4,281,801
Deficiency of revenue over expenses	-	(60,257)	(60,257)	(848,845)
<b>Net assets, end of year</b>	<b>\$ 493,375</b>	<b>\$ 2,879,324</b>	<b>\$ 3,372,699</b>	<b>\$ 3,432,956</b>





**Variety - The Children's Charity (Ontario)**  
**Consolidated Statement of Operations**  
**Year Ended September 30, 2015**  
(unaudited - see Notice to Reader)

	2015	2014
<b>Revenue</b>		
Fundraising, net (Schedule 1)	\$ 657,282	\$ 559,942
Provincial funding	1,020,000	960,000
Gaming operations, net (Schedule 8)	118,392	124,942
Fitness club membership	1,738,370	1,832,397
Program fees and contributions	952,723	812,040
Team fees and contributions	339,547	689,127
Education	470,912	440,250
Interest	120,572	167,927
Rental	199,387	148,149
Other	247,780	100,239
	<b>5,864,965</b>	<b>5,835,013</b>
<b>Expenses</b>		
Fitness club (Schedule 2)	1,256,197	1,260,472
Programs (Schedule 3)	992,942	845,148
Teams (Schedule 4)	314,109	715,140
Education (Schedule 5)	232,719	254,625
Administration (Schedule 6)	1,062,294	996,599
Building services (Schedule 7)	1,386,433	1,219,444
Mortgage receivable impairment (recovery)	(130,000)	130,000
	<b>5,114,694</b>	<b>5,421,428</b>
<b>Excess of revenue over expenses before interest expense and amortization of capital assets</b>	<b>750,271</b>	<b>413,585</b>
Interest expense	(93,626)	(135,479)
Amortization of capital assets	(727,131)	(704,261)
	<b>(820,757)</b>	<b>(839,740)</b>
<b>Deficiency of revenue over expenses before discontinued operations</b>	<b>(70,486)</b>	<b>(426,155)</b>
Discontinued bingo operations, net	-	(422,690)
Gain on disposition of capital assets	10,229	-
<b>Deficiency of revenue over expenses</b>	<b>\$ (60,257)</b>	<b>\$ (848,845)</b>



**Variety - The Children's Charity (Ontario)**  
**Consolidated Statement of Cash Flows**  
**Year Ended September 30, 2015**  
(unaudited - see Notice to Reader)

	2015	2014
<b>Operating activities</b>		
Deficiency of revenue over expenses	\$ (60,257)	\$ (848,845)
Non-cash items:		
Amortization of capital assets	727,131	704,261
Amortization of deferred contributions	(148,746)	(65,443)
Amortization of deferred government grants	(780,436)	(148,746)
Fair value of donated investments	-	(10,036)
Accrued interest on endowment investments and investments	-	(13,850)
Change in non-cash operating balances	(85,841)	(186,651)
Impairment (recovery) of mortgages receivable	(130,000)	130,000
	<b>(478,149)</b>	<b>(439,310)</b>
<b>Investing activities</b>		
Purchase of investments	(2,231,551)	(1,082,069)
Proceeds from sale of investments	1,118,574	801,061
Purchase of endowment investments	6,523	-
Purchase of capital assets	(423,637)	(163,327)
Purchase of intangible assets	(243,214)	-
Proceeds from sale of donated assets	-	10,036
Receipts from mortgage receivable	1,286,515	2,038,365
	<b>(486,790)</b>	<b>1,604,066</b>
<b>Financing activities</b>		
Increase in deferred contributions	570,352	122,935
Deferred contributions related to capital	408,707	43,644
Repayment of long-term capital leases	-	(20,928)
Repayment of long-term debt	(1,282,692)	(229,783)
	<b>(303,633)</b>	<b>(84,132)</b>
<b>Net change in cash</b>	<b>(1,268,572)</b>	<b>1,080,624</b>
<b>Cash, beginning of year</b>	<b>1,845,415</b>	<b>764,791</b>
<b>Cash, end of year</b>	<b>\$ 576,843</b>	<b>\$ 1,845,415</b>



**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, 2015**  
(unaudited - see Notice to Reader)

	Revenue	Expenses	2015	2014
<b>Events</b>				
Golf tournaments	\$ 104,973	\$ 2,608	\$ 102,365	\$ 110,852
Walk Roll Run	67,889	15,361	52,528	140,402
Luncheon	142,155	22,306	119,849	46,635
World's Greatest Holiday Party	55,473	14,123	41,350	28,701
Toronto Sun Fund	28,809	164	28,645	28,228
Pizza Nova Day	94,662	847	93,815	78,591
Other events	98,556	15,149	83,407	125,043
Allocation of event revenue to department revenue lines	(164,145)	-	(164,145)	(151,409)
	<b>428,372</b>	<b>70,558</b>	<b>357,814</b>	<b>407,043</b>
<b>Annual campaigns</b>				
Foundations	132,161	-	132,161	76,097
Individuals	68,380	-	68,380	81,040
Unsolicited contributions	156,519	2,874	153,645	129,745
Planned gifts	280,732	-	280,732	190,857
Direct mail	32,281	8,223	24,058	21,674
Corporate	112,542	500	112,042	50,888
Government grants	265,426	-	265,426	125,401
Gold Hearts	585	-	585	906
Grant amortization	232,685	-	232,685	214,189
Allocation of annual campaigns revenue to department revenue lines	(564,995)	-	(564,995)	(303,002)
	<b>716,316</b>	<b>11,525</b>	<b>704,719</b>	<b>587,795</b>
	<b>1,144,688</b>	<b>82,083</b>	<b>1,062,533</b>	<b>994,838</b>
<b>Expenses</b>				
Salaries and benefits			369,018	409,909
Professional fees			640	670
Office and general			35,593	24,317
			<b>405,251</b>	<b>434,896</b>
<b>Excess of fundraising revenue over expenses</b>			<b>\$ 657,282</b>	<b>\$ 559,942</b>





**Variety - The Children's Charity (Ontario)**  
**Consolidated Schedule of Fitness Club Expenses - Schedule 2**  
**Year Ended September 30, 2015**  
**(unaudited - see Notice to Reader)**

	<b>2015</b>	<b>2014</b>
Salaries and benefits	<b>\$ 1,066,007</b>	<b>\$ 1,063,748</b>
Kiosk cost of sales	<b>67,766</b>	<b>74,200</b>
Equipment, repairs and supplies	<b>44,306</b>	<b>38,426</b>
Advertising and promotion	<b>78,118</b>	<b>84,098</b>
	<b>\$ 1,256,197</b>	<b>\$ 1,260,472</b>



**Variety - The Children's Charity (Ontario)**  
**Consolidated Schedule of Programs Expenses - Schedule 3**  
**Year Ended September 30, 2015**  
(unaudited - see Notice to Reader)

	<b>2015</b>	<b>2014</b>
Salaries and benefits	\$ 872,551	\$ 761,557
Employee related expenses	4,139	2,009
Equipment, repairs and supplies	20,484	21,662
Professional fees	9,912	7,861
General office supplies	6,534	7,583
Travel	9,508	11,522
Other	69,814	32,954
	<b>\$ 992,942</b>	<b>\$ 845,148</b>



**Variety - The Children's Charity (Ontario)**  
**Consolidated Schedule of Teams Expenses - Schedule 4**  
**Year Ended September 30, 2015**  
**(unaudited - see Notice to Reader)**

	<b>2015</b>	<b>2014</b>
Salaries and benefits	<b>\$ 178,443</b>	<b>\$ 399,743</b>
Equipment, repairs and supplies	<b>29,130</b>	<b>25,753</b>
Travel	<b>13,946</b>	<b>92,150</b>
Tournament and registration costs	<b>34,803</b>	<b>81,506</b>
Other	<b>57,787</b>	<b>115,988</b>
	<b>\$ 314,109</b>	<b>\$ 715,140</b>



**Variety - The Children's Charity (Ontario)**  
**Consolidated Schedule of Education Expenses - Schedule 5**  
**Year Ended September 30, 2015**  
**(unaudited - see Notice to Reader)**

	2015	2014
Salaries and benefits	\$ 225,636	\$ 239,330
Program costs	7,083	15,295
	<b>\$ 232,719</b>	<b>\$ 254,625</b>





**Variety - The Children's Charity (Ontario)**  
**Consolidated Schedule of Administration Expenses- Schedule 6**  
**Year Ended September 30, 2015**  
(unaudited - see Notice to Reader)

	<b>2015</b>	<b>2014</b>
Salaries and benefits	\$ 659,522	\$ 636,345
Office and general	199,463	106,845
Insurance	151,660	135,988
Professional fees	51,649	117,421
	<b>\$ 1,062,294</b>	<b>\$ 996,599</b>



**Variety - The Children's Charity (Ontario)**  
**Consolidated Schedule of Building Services Expenses - Schedule 7**  
**Year Ended September 30, 2015**  
**(unaudited - see Notice to Reader)**

	<b>2015</b>	<b>2014</b>
Salaries and benefits	\$ 325,688	\$ 376,296
Equipment, repairs and supplies	399,330	249,452
Cleaning services	216,929	189,451
Utilities	444,486	404,245
	<b>\$ 1,386,433</b>	<b>\$ 1,219,444</b>



**Variety - The Children's Charity (Ontario)**  
**Consolidated Schedule of Gaming Operations - Schedule 8**  
**Year Ended September 30, 2015**  
(unaudited - see Notice to Reader)

	2015	2014
<b>Gross revenue</b>		
Nevada	\$ 263,286	\$ 277,691
Less: Licence and management fees	144,894	150,441
	<b>118,392</b>	<b>127,250</b>
<b>Administrative expenses</b>		
Bank charges and interest	-	138
Office and general	-	2,170
	-	<b>2,308</b>
<b>Excess of gaming revenue over expenses</b>	<b>\$ 118,392</b>	<b>\$ 124,942</b>

