

Financial Statements of

**VARIETY - THE CHILDREN'S
CHARITY OF BC**

And Independent Auditor's Report thereon

Year ended September 30, 2024



KPMG LLP

PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone 604 691 3000
Fax 604 691 3031

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Variety – The Children's Charity of BC

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Variety - The Children's Charity of BC ("Variety"), which comprise:

- the statement of financial position as at September 30, 2024
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Variety as at September 30, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of Variety in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing Variety's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Variety or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Variety's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Variety's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Variety's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Variety to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the *Societies Act* (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Vancouver, Canada
November 27, 2024

VARIETY - THE CHILDREN'S CHARITY OF BC

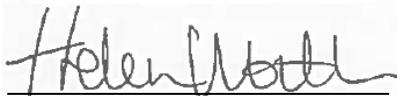
Statement of Financial Position

September 30, 2024, with comparative information for 2023

	General Fund	Gaming Fund	Other Restricted Fund	BCFRP Fund	Endowment Fund	2024 Total	2023 Total
Assets							
Current assets:							
Cash and cash equivalents	\$ 4,607,357	\$ 12,989	\$ -	\$ 3,268,412	\$ 166,568	\$ 8,055,326	\$ 8,511,467
Short-term investments, at fair value (note 3)	6,102,167	-	205,413	-	-	6,307,580	5,308,931
Accounts receivable	64,826	-	-	-	-	64,826	62,319
Prepaid expenses	143,411	-	-	-	-	143,411	190,592
Interfund balances	127,975	-	-	(120,398)	(7,577)	-	-
	11,045,736	12,989	205,413	3,148,014	158,991	14,571,143	14,073,309
Tangible capital assets (note 4)	1,493,468	-	-	-	-	1,493,468	1,504,513
Intangible asset (note 5)	27,188	-	-	-	-	27,188	38,063
Endowment fund investments, at fair value (note 6)	-	-	-	-	538,055	538,055	707,979
	\$ 12,566,392	\$ 12,989	\$ 205,413	\$ 3,148,014	\$ 697,046	\$ 16,629,854	\$ 16,323,864
Liabilities and Fund Balances							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 733,056	\$ -	\$ -	\$ -	\$ -	\$ 733,056	\$ 419,055
Deferred revenue	-	-	-	-	-	-	8,178
	733,056	-	-	-	-	733,056	427,233
Fund balances:							
Unrestricted	10,312,680	-	-	-	-	10,312,680	9,750,489
Invested in capital assets	1,520,656	-	-	-	-	1,520,656	1,542,576
Externally restricted	-	12,989	205,413	3,148,014	697,046	4,063,462	4,603,566
	11,833,336	12,989	205,413	3,148,014	697,046	15,896,798	15,896,631
Commitments (note 7)							
	\$ 12,566,392	\$ 12,989	\$ 205,413	\$ 3,148,014	\$ 697,046	\$ 16,629,854	\$ 16,323,864

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director

 Director

VARIETY - THE CHILDREN'S CHARITY OF BC

Statement of Operations and Changes in Fund Balances

Year ended September 30, 2024, with comparative information for 2023

	Restricted Funds					Endowment Fund	2024 Total	2023 Total
	General Fund	Gaming Fund	Other Restricted Fund	BCFRP Fund	Total Restricted Funds			
Revenue:								
Donations and bequests	\$ 8,071,091	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,071,091	\$ 8,267,178
Government funding	-	-	-	2,222,642	2,222,642	-	2,222,642	1,900,000
Interest, membership and miscellaneous	694,708	1,102	-	186,775	187,877	16,649	899,234	742,341
Rental	137,093	-	-	-	-	-	137,093	133,928
Gaming	-	27,133	-	-	27,133	-	27,133	105,522
	8,902,892	28,235	-	2,409,417	2,437,652	16,649	11,357,193	11,148,969
Expenses and disbursements:								
Fundraising	1,980,929	5,186	-	-	5,186	-	1,986,115	1,987,307
Administration and general	903,476	-	-	-	-	-	903,476	856,129
Amortization	57,983	-	-	-	-	-	57,983	58,216
Occupancy costs	231,585	-	-	-	-	-	231,585	209,393
Heart of Variety Fund disbursements	5,238,648	-	62,297	-	62,297	-	5,300,945	5,889,250
BCFRP disbursements	-	-	-	2,876,922	2,876,922	-	2,876,922	2,057,326
	8,412,621	5,186	62,297	2,876,922	2,944,405	-	11,357,026	11,057,621
Excess (deficiency) of revenue over expenses and disbursements	490,271	23,049	(62,297)	(467,505)	(506,753)	16,649	167	91,348
Fund balances, beginning of year	11,293,065	(10,060)	267,710	3,615,519	3,873,169	730,397	15,896,631	15,805,283
Interfund transfers	50,000	-	-	-	-	(50,000)	-	-
Fund balances, end of year	\$ 11,833,336	\$ 12,989	\$ 205,413	\$ 3,148,014	\$ 3,366,416	\$ 697,046	\$ 15,896,798	\$ 15,896,631

See accompanying notes to financial statements.

VARIETY - THE CHILDREN'S CHARITY OF BC

Statement of Cash Flows

Year ended September 30, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses and disbursements	\$ 167	\$ 91,348
Amortization, an item not involving cash	57,983	58,216
	58,150	149,564
Changes in non-cash operating working capital:		
Accounts receivable	(2,507)	8,583
Prepaid expenses	47,181	(5,481)
Accounts payable and accrued liabilities	314,001	(131,630)
Deferred revenue	(8,178)	(81,299)
	408,647	(60,263)
Investing activities:		
Purchase of tangible capital assets	(36,063)	(1,262)
Net change in investments	(828,725)	6,461
	(864,788)	5,199
Decrease in cash and cash equivalents	(456,141)	(55,064)
Cash and cash equivalents, beginning of year	8,511,467	8,566,531
Cash and cash equivalents, end of year	\$ 8,055,326	\$ 8,511,467

See accompanying notes to financial statements.

VARIETY - THE CHILDREN'S CHARITY OF BC

Notes to Financial Statements

Year ended September 30, 2024

1. Operations:

Variety - The Children's Charity of BC ("Variety") is incorporated under the *Societies Act* (British Columbia). The purpose of Variety is to provide grants for health care assistance to children of British Columbia with special needs. Variety is a registered charity under the *Income Tax Act* (the "Act") and accordingly, is exempt from income taxes provided certain requirements of the Act are met.

2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Fund accounting:

The General Fund accounts for Variety's program delivery and administrative activities. This fund includes unrestricted assets, liabilities, revenue, expenses and disbursements, and restricted donations that are not recorded in other restricted funds.

The Gaming Fund includes assets, liabilities, revenue, expenses and disbursements restricted for use in accordance with gaming regulations.

The Other Restricted Fund includes assets, liabilities, revenue, expenses and disbursements restricted for the Sunshine Coach program.

The Endowment Fund includes the principal of endowment contributions. Investment income earned on the Joseph and Rosalie Segal Endowed Fund is recapitalized to the endowment fund in accordance with Variety's established practice. For all other endowed funds, investment income is included in the General Fund in accordance with the nature of the restrictions imposed by the contributors. Contributions can be accepted to the general endowment fund and/or "named endowments" may be accepted as subsidiary parts of the general endowment for administrative purposes.

The BC Family Residence Program ("BCFRP") Fund includes assets, liabilities, revenue, expenses and disbursements restricted for the BCFRP administered on behalf of Provincial Health Services Authority ("PHSA").

(b) Revenue recognition:

Variety follows the restricted fund method of accounting for contributions.

Donations and bequests are recognized as revenue in the appropriate fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted donations and bequests for which no restricted fund exists are deferred in the General Fund and recognized as revenue when the related expenses are incurred.

VARIETY - THE CHILDREN'S CHARITY OF BC

Notes to Financial Statements (continued)

Year ended September 30, 2024

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Unrestricted donations and bequests are recognized as revenue in the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted government funding for the BCFRP is recognized as revenue in BCFRP Fund when the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income comprises interest generated on cash balances and fixed income investments and realized gains and losses on the sale of investments. Investment income is recognized when earned on an accrual basis.

Rental revenue is recorded over the rental period covered. Rental payments received in the month prior to which it relates are deferred and recognized as revenue during the ensuing month.

(c) Investments:

Investments consist of guaranteed income certificates ("GICs"). All General Fund and Other Restricted Fund investments are considered short-term investments, regardless of maturity, as they are readily redeemable at the option of Variety. Endowment Fund investments are classified as long-term investments, regardless of maturity, based on the contributors' stipulation that the funds be held in perpetuity.

(d) Tangible capital assets:

Purchased tangible capital assets are initially recorded at cost. Contributed tangible capital assets are initially recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life or improve the original service potential of an asset are capitalized. When a tangible capital asset no longer contributes to the Variety's ability to provide services, or the value of future economic benefits or service potential associated with the asset is less than its net carrying amount, the excess of its carrying amount over its fair value or replacement cost will be recognized as an expense in the statement of operations. Tangible capital assets are amortized using the following annual rates:

Asset	Basis	Rate
Building	Declining balance	4%
Building improvements	Straight-line	5 years
Office and computer equipment	Declining balance	20%

VARIETY - THE CHILDREN'S CHARITY OF BC

Notes to Financial Statements (continued)

Year ended September 30, 2024

2. Significant accounting policies (continued):

(e) Intangible assets:

All intangible assets are recorded at cost. Intangible assets are reviewed, at least annually or as needed, for impairment whenever events or changes in circumstances indicate that the associated future economic benefits or service potential have been reduced. If such conditions exist, an impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value or replacement cost and is recognized as an expense in the Statement of Operations and Changes in Fund Balances.

Amortization commences when the intangible asset is brought into service. The intangible asset is amortized using the straight-line method over the estimated useful life of 5 years.

(f) Contributed goods and services:

Variety records the fair value of contributed goods which are to be used for specific joint or fundraising projects, where such fair value is determinable, and the goods would otherwise have been purchased.

Volunteers contribute a significant number of hours to assist Variety in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship, and equity instruments that are quoted in an active market, are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Variety has elected to record its GIC investments at amortized cost, which closely approximates fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount Variety expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

VARIETY - THE CHILDREN'S CHARITY OF BC

Notes to Financial Statements (continued)

Year ended September 30, 2024

2. Significant accounting policies (continued):

(h) Measurement uncertainty:

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

3. Short-term investments:

Short-term investments consist of GICs that have interest rates ranging from 0.95% to 5.30% (2023 - 0.95% to 5.20%) and maturity dates from October 2024 to July 2029 (2023 - October 2023 to June 2028).

4. Tangible capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 813,639	\$ -	\$ 813,639	\$ 813,639
Building	1,748,465	1,155,628	592,837	617,539
Building improvements	517,700	471,706	45,994	41,383
Office and computer equipment	372,530	331,532	40,998	31,952
	\$ 3,452,334	\$ 1,958,866	\$ 1,493,468	\$ 1,504,513

5. Intangible asset:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Website	\$ 54,376	\$ 27,188	\$ 27,188	\$ 38,063

VARIETY - THE CHILDREN'S CHARITY OF BC

Notes to Financial Statements (continued)

Year ended September 30, 2024

6. Endowment Fund:

The endowment fund consists of the following:

	2024	2023
The Joseph and Rosalie Segal Endowed Fund:		
Income to be used for the benefit of Variety's children who have special needs	\$ 581,456	\$ 615,444
The Yolande Anderson Endowed Fund:		
Income to be used to provide funding for special equipment and devices that will help Variety's children of the future walk, talk, see and hear	100,000	100,000
The Art and Mary Jones Endowed Fund:		
Income to be used to provide funding for special equipment and devices that will help Variety's children of the future walk, talk, see and hear	15,590	14,953
	<u>\$ 697,046</u>	<u>\$ 730,397</u>

Endowment Fund investments consist of GICs that have interest rates ranging from 1.70% to 5.30% (2023 - 0.85% to 4.85%) and maturity dates from August 2025 to November 2028 (2023 - October 2023 to September 2027).

7. Commitments:

As part of its charitable operations, Variety makes various commitments to other organizations and individuals to fund expenditures or to provide assets. These commitments are fulfilled by the ongoing operations of Variety and are not necessarily intended to be met by assets currently on hand. As at September 30, 2024, Variety has \$2,570,364 (2023 - \$1,293,607) in outstanding commitments. These commitments do not include amounts related to gaming revenue to be disbursed according to the gaming regulations.

8. Vancouver Foundation Endowment:

In 1996, Variety established the Vancouver Foundation's Variety Club of BC Endowment Fund at the Vancouver Foundation. This fund, created from bequests, will be maintained by Vancouver Foundation in perpetuity and is not recoverable by Variety. Accordingly, this amount has not been recorded in Variety's financial statements.

All net earnings from this fund are payable to Variety's Heart Fund account. In 2024, the income distribution paid to Variety was \$154,261 (2023 - \$147,633).

VARIETY - THE CHILDREN'S CHARITY OF BC

Notes to Financial Statements (continued)

Year ended September 30, 2024

9. Disclosure of employee and contractor remuneration:

For the year ended September 30, 2024, Variety paid total remuneration of \$853,668 (2023 - \$727,766) to 8 (2023 - 7) employees and contractors for services, each of whom received total annual remuneration of \$75,000 or greater.

In accordance with Variety's bylaws, no remuneration was paid to any Board members of Variety during the year.

10. Financial risks and concentration of risks:

(a) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect Variety's income or the value of its holdings of financial instruments. Variety is exposed to market risk in its cash and cash equivalents and investments. The organization limits its market risk with respect to short-term investments by purchasing liquid investments such as GICs and holds all funds at Canadian institutions.

(b) Credit risk:

Credit risk is the risk of financial loss to Variety if a counterparty to a financial instrument fails to meet its contractual obligations. Variety is exposed to credit risk on its accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. Accounts receivables are primarily due from government agencies.

(c) Liquidity risk:

Liquidity risk is the risk that Variety will not be able to meet its financial obligations as they become due. Variety's financial liabilities consist of its accounts payable and accrued liabilities which are all due to be paid within one year. Available cash and cash equivalents and short-term investment balances are more than sufficient to fund Variety's operations and commitments for the foreseeable future.

There has been no significant change to these risk exposures from 2023.