

# 2022 Financial Statements

Variety the Children's Charity

With Independent Auditor's Report

September 30, 2022





## TABLE OF CONTENTS

---

	<u>Page</u>
<b>Independent Auditor's Report</b> .....	1
 <b>Financial Statements</b>	
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Functional Expenses .....	6
Statements of Cash Flows .....	8
Notes to Financial Statements .....	9

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Variety the Children's Charity of St. Louis  
St. Louis, Missouri

### Opinion

We have audited the accompanying financial statements of Variety the Children's Charity of St. Louis (a Missouri nonprofit corporation) (the "Organization"), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Variety the Children's Charity of St. Louis as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Variety the Children's Charity of St. Louis and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Variety the Children's Charity of St. Louis's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 the Children's Charity of St. Louis's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Variety the Children's Charity of St. Louis's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Armanino LLP*

ArmaninoLLP  
St. Louis, Missouri

January 31, 2023

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Statements of Financial Position

September 30, 2022 and 2021

	2022	2021
<b>Assets</b>		
Cash and cash equivalents	\$ 2,346,806	\$ 2,370,348
Promises to give (Note D)	275,046	820,139
Grants receivable (Note B)	156,595	-
Accounts receivable - employee retention credit (Note L)	43,927	247,500
Prepaid expenses	41,944	145,344
Investments (Note E)	3,792,295	5,097,013
Property and equipment (net of accumulated depreciation of \$89,545 in 2022 and \$72,559 in 2021)	99,076	113,696
Assets restricted for permanent investment (Notes E and G)	1,402,928	1,402,928
<b>Total Assets</b>	<b>\$ 8,158,617</b>	<b>\$ 10,196,968</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 666,338	\$ 715,268
Paycheck Protection Program loan payable (Note F)	-	332,500
<b>Total Liabilities</b>	<b>666,338</b>	<b>1,047,768</b>
<b>Net Assets (Note G)</b>		
Without donor restrictions:		
Board-designated for endowment (Note I)	3,328,909	4,205,996
Board-designated for reserve fund	200,000	200,000
Undesignated	1,659,336	1,450,073
	<b>5,188,245</b>	<b>5,856,069</b>
With donor restrictions:		
Endowment (Note I)	1,678,690	2,116,252
Purpose restrictions	493,594	648,379
Time-restricted for future periods	131,750	528,500
	<b>2,304,034</b>	<b>3,293,131</b>
<b>Total Net Assets</b>	<b>7,492,279</b>	<b>9,149,200</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,158,617</b>	<b>\$ 10,196,968</b>

The accompanying notes are an integral part of these financial statements.

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Statement of Activities

Year ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue</b>			
Contributions (Note M)	\$ 2,694,256	\$ 161,196	\$ 2,855,452
Grants	262,768	171,595	434,363
Special events, net (Notes K & M)	24,998	7,500	32,498
Program revenue - Performing Arts	1,180	-	1,180
Investment income, designated for current operations per spending policy (Note B & E)	191,221	-	191,221
Net assets released from restrictions (Note G)	969,972	(969,972)	-
<b>Total Revenue</b>	<b>4,144,395</b>	<b>(629,681)</b>	<b>3,514,714</b>
<b>Expenses</b>			
Program	2,993,090	-	2,993,090
Management and general	536,774	-	536,774
Fundraising	740,261	-	740,261
<b>Total Expenses</b>	<b>4,270,125</b>	<b>-</b>	<b>4,270,125</b>
<b>Change in Net Assets from Operations</b>	<b>(125,730)</b>	<b>(629,681)</b>	<b>(755,411)</b>
<b>Other Revenue and Support</b>			
Paycheck Protection Program loan forgiveness (Note F)	332,500	-	332,500
Employee Retention Credit (Note L)	4,961	-	4,961
Investment income, net of spending policy (Note E)	(879,555)	(359,416)	(1,238,971)
<b>Change in Net Assets</b>	<b>(667,824)</b>	<b>(989,097)</b>	<b>(1,656,921)</b>
<b>Net Assets, Beginning of Year</b>	<b>5,856,069</b>	<b>3,293,131</b>	<b>9,149,200</b>
<b>Net Assets, End of Year</b>	<b>\$ 5,188,245</b>	<b>\$ 2,304,034</b>	<b>\$ 7,492,279</b>

The accompanying notes are an integral part of these financial statements.

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Statement of Activities

Year ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue</b>			
Contributions (Note M)	\$ 2,664,230	\$ 906,970	\$ 3,571,200
Grants	215,900	26,188	242,088
Special events, net (Notes K & M)	7,062	-	7,062
In-kind revenue (Note M)	28,496	-	28,496
Investment income, designated for current operations per spending policy (Note B & E)	106,935	-	106,935
Net assets released from restrictions (Note G)	1,562,200	(1,562,200)	-
<b>Total Revenue</b>	4,584,823	(629,042)	3,955,781
<b>Expenses</b>			
Program	2,918,437	-	2,918,437
Management and general	494,421	-	494,421
Fundraising	816,387	-	816,387
<b>Total Expenses</b>	4,229,245	-	4,229,245
<b>Change in Net Assets from Operations</b>	355,578	(629,042)	(273,464)
<b>Other Revenue and Support</b>			
Paycheck Protection Program loan forgiveness (Note F)	332,545	-	332,545
Employee Retention Credit (Note L)	499,686	-	499,686
Investment income, net of spending policy (Note E)	736,700	470,877	1,207,577
<b>Change in Net Assets</b>	1,924,509	(158,165)	1,766,344
<b>Net Assets, Beginning of Year</b>	3,931,560	3,451,296	7,382,856
<b>Net Assets, End of Year</b>	\$ 5,856,069	\$ 3,293,131	\$ 9,149,200

The accompanying notes are an integral part of these financial statements.

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Statement of Functional Expenses

Year ended September 30, 2022

	Program									
	Core		Enrichment				Total Program Expenses	Management & General	Fundraising	Total
	Equipment	Therapy	Recreation	Performing Arts	Education and Family Support	Awareness				
Medical equipment and therapy	\$ 1,629,161	\$ 271,957	\$ -	\$ -	\$ -	\$ -	\$ 1,901,118	\$ -	\$ -	\$ 1,901,118
Salaries and related expenses	167,108	87,120	286,400	74,706	20,547	86,840	722,721	315,625	571,207	1,609,553
Advertising	1,603	293	1,122	-	-	2,532	5,550	-	19,789	25,339
Bad debt expense	-	-	-	-	-	-	-	52,371	-	52,371
Computer and equipment	4,315	2,232	5,050	4,715	531	14,133	30,976	18,163	28,413	77,552
Depreciation	-	-	2,327	776	-	1,007	4,110	13,987	-	18,097
Food	1,118	-	3,780	62	3,078	127	8,165	1,345	47,928	57,438
Insurance	-	-	2,898	2,898	-	-	5,796	17,031	-	22,827
Office expense	939	509	1,647	422	58	1,012	4,587	37,664	6,479	48,730
Outside services and professional fees	17,468	-	30,931	180	4,025	1,320	53,924	44,241	35,251	133,416
Postage and printing	772	280	260	231	99	1,163	2,805	2,132	28,884	33,821
Production costs and contractors	-	-	23,803	81,309	1,741	-	106,853	-	84,884	191,737
Rent	18,835	9,063	22,356	24,822	4,253	6,753	86,082	30,258	54,125	170,465
Supplies	27,771	-	22,617	1,721	272	757	53,138	273	16,568	69,979
Travel	514	33	2,601	795	1,272	19	5,234	69	1,108	6,411
Other	100	-	1,931	-	-	-	2,031	3,615	764	6,410
Total expenses by function	\$ 1,869,704	\$ 371,487	\$ 407,723	\$ 192,637	\$ 35,876	\$ 115,663	\$ 2,993,090	\$ 536,774	\$ 895,400	\$ 4,425,264
Less expenses included with revenues on the Statement of Activities:										
Cost of direct benefits to donors (Note K)	-	-	-	-	-	-	-	-	155,139	155,139
Total expenses included in the expense section of the Statement of Activities	\$ 1,869,704	\$ 371,487	\$ 407,723	\$ 192,637	\$ 35,876	\$ 115,663	\$ 2,993,090	\$ 536,774	\$ 740,261	\$ 4,270,125

The accompanying notes are an integral part of these financial statements.



# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Statement of Functional Expenses

Year ended September 30, 2021

	Program									
	Core		Enrichment				Total Program Expenses	Management & General	Fundraising	Total
	Equipment	Therapy	Recreation	Performing Arts	Education and Family Support	Awareness				
Medical equipment and therapy	\$ 1,521,173	\$ 199,160	\$ -	\$ -	\$ -	\$ -	\$ 1,720,333	\$ -	\$ -	\$ 1,720,333
Recreation assistance	-	-	113,837	-	-	-	113,837	-	-	113,837
Salaries and related expenses	168,830	96,923	187,755	236,539	58,322	72,786	821,155	333,284	606,117	1,760,556
Advertising	200	-	-	999	-	1,000	2,199	318	18,937	21,454
Bad debt expense	-	-	-	-	-	-	-	17,220	-	17,220
Computer and equipment	10,397	4,990	7,928	6,936	1,236	15,423	46,910	30,213	38,844	115,967
Depreciation	-	-	2,327	776	-	349	3,452	13,987	-	17,439
Food	-	-	91	47	-	-	138	1,258	1,036	2,432
Insurance	-	-	1,756	1,756	-	-	3,512	11,711	-	15,223
Office expense	977	553	738	660	21	249	3,198	45,998	5,674	54,870
Outside services and professional fees	-	-	836	4,512	5,288	-	10,636	14,908	14,305	39,849
Postage and printing	211	154	13,497	128	331	202	14,523	1,148	22,275	37,946
Production costs and contractors	1,512	-	-	67,345	-	-	68,857	-	55,886	124,743
Rent	13,070	11,469	9,194	18,964	3,917	4,382	60,996	20,609	51,757	133,362
Supplies	7,120	-	31,581	2,088	90	203	41,082	-	66	41,148
Travel	245	-	20	7,041	42	75	7,423	4	467	7,894
Other	-	-	-	186	-	-	186	3,763	1,251	5,200
Total expenses by function	\$ 1,723,735	\$ 313,249	\$ 369,560	\$ 347,977	\$ 69,247	\$ 94,669	\$ 2,918,437	\$ 494,421	\$ 816,615	\$ 4,229,473
Less expenses included with revenues on the Statement of Activities:										
Cost of direct benefits to donors (Note K)	-	-	-	-	-	-	-	-	228	228
Total expenses included in the expense section of the Statement of Activities	\$ 1,723,735	\$ 313,249	\$ 369,560	\$ 347,977	\$ 69,247	\$ 94,669	\$ 2,918,437	\$ 494,421	\$ 816,387	\$ 4,229,245

The accompanying notes are an integral part of these financial statements.

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Statements of Cash Flows

September 30, 2022 and 2021

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets	\$ (1,656,921)	\$ 1,766,344
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	18,097	17,439
Realized (gain) loss on investments (Note E)	2,323	(119,210)
Unrealized (gain) loss on investments (Note E)	1,287,836	(1,105,777)
Paycheck Protection Program loan forgiveness (Note F)	(332,500)	(332,545)
Loss on uncollectible promises to give	52,371	17,220
Changes in assets and liabilities:		
Decrease in promises to give	492,722	226,544
Increase in grants receivable	(156,595)	-
Increase (decrease) in accounts receivable-employee retention credit	203,573	(247,500)
Decrease in prepaid expenses	103,400	5,544
Increase (decrease) in accounts payable and accrued expenses	(48,930)	91,828
Decrease in deferred revenue	-	(600)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(34,624)</b>	<b>319,287</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	686,495	1,028,182
Purchase of investments	(671,936)	(859,981)
Purchase of fixed assets	(3,477)	(1,080)
<b>Net Cash Provided by Investing Activities</b>	<b>11,082</b>	<b>167,121</b>
<b>Cash Flows from Financing Activities</b>		
Paycheck Protection Program loan proceeds (Note F)	-	332,500
<b>Net Cash Provided by Financing Activities</b>	<b>-</b>	<b>332,500</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(23,542)</b>	<b>818,908</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>2,370,348</b>	<b>1,551,440</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 2,346,806</b>	<b>\$ 2,370,348</b>

The accompanying notes are an integral part of these financial statements.

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

---

### Note A - Nature of Activities

Variety the Children's Charity of St. Louis ("Variety" or the "Organization") empowers children with physical and developmental disabilities (also referred to as children with special needs) and improves their quality of life. Variety's programs highlight *ability* rather than *disability*. This holistic approach gives children access to critical medical equipment and therapies and innovative enrichment programs, which provide opportunities for adventure, socialization, and artistic expression. Children also gain or maintain independence, grow in interpersonal skills among friends and family, demonstrate positive belief in themselves, and cultivate skills to fully engage in the world around them.

Significant sources of revenue include contributions from individuals and corporations, grants, special events, and investment income.

### Description of Program Services and Supporting Activities

#### Core Programs

**Equipment:** Medical equipment encompasses a wide range of medically prescribed equipment with an equally wide range of benefits. These pieces of equipment can increase a child's mobility (wheelchairs, standers, walkers, orthotics), as well as improve their ability to express themselves (hearing aids, and communication devices). The high costs and inadequate insurance coverage make these tools unaffordable and inaccessible for families, so Variety provides this vital equipment to children whose needs would otherwise go unmet.

**Therapy:** Therapy is critical for children to improve strength, endurance, and mobility, while also increasing his or her level of independence at home and school. Variety ensures that children who need physical, occupational, speech, aqua or hippotherapy are able to access regular sessions, and that cost does not prevent a child from receiving the care they need. Due to the COVID-19 pandemic, Variety launched virtual therapy as a delivery option of the therapeutic offerings of physical, occupational, and speech. This option continued to be offered as it presents additional flexibility for families.

#### Enrichment Programs

**Recreation:** Variety Adventure Camp features a six-week long innovative and accessible camp program in the summer and a multiple-day session in the winter. The camps are operated for children ages 4 through 20 with physical and developmental disabilities. The focus of these programs and experiences are to increase children's engagement with peers, classmates, and family, to develop confidence in their abilities, and to demonstrate positive belief in themselves and their possibilities. Campers receive one-on-one assistance from specially trained counselors and medical professionals as they learn new skills, such as rock climbing, basketball, tennis, cooking, music, art, bicycling, ice-skating, fishing, robotics while socializing with their peers and making long-lasting friendships.

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

---

### Note A - Nature of Activities (Continued)

Due to the COVID-19 pandemic, in 2021, summer camp was offered online, featuring familiar counselors, arts and crafts, virtual tours, music time, games, and other enriching activities.

During the fiscal year ended September 30, 2022, Variety launched a partnership with Boy Scouts of America to create a Venturing Crew for children with disabilities ages 14 to 20. Participants learn leadership skills, pursue their special interests to become good citizens, increase socialization skills, and have a chance to learn and grow in a supportive, caring and fun environment by organizing, planning and implementing meaningful activities.

**Performing Arts:** In keeping with the historical roots of our Organization, Variety Theatre is an inclusive theatre program that gives children of all abilities the opportunity to perform on-stage. Teens (ages 14 to 20) interested in theatre crafts are mentored by the designers and directors of the show. A virtual performance, Light the Lights, was held during the fiscal year ended September 30, 2021, showcasing the talent of Variety children on camera and behind the scenes.

Variety's theatrical summer camp, Curtain Call, involves intensive instruction in singing, dancing, and acting which culminates with a showcase performance. Any child, regardless of experience or ability, is invited to attend this inclusive and adapted program directed by professionals from the world of musical theater.

Additionally, the inclusive Variety Children's Chorus Program provides opportunities for children and teens of all abilities to perform at a wide range of venues throughout the year. This program ensures participants gain vocal skills, socialization with other chorus members, and confidence from their time performing in the spotlight.

Variety also provides a Children's Dance Program that provides children with and without disabilities the chance to learn and practice musical theatre-style choreography and creative movement in an inclusive setting. The children's willingness to try new things and take direction has shown an increase in independence, confidence, and dance skills. Programs run for thirty-two weeks throughout the school year.

**Education and Family Support:** The Emerson Resource Center provides parents and caregivers of children with disabilities with tools to help them navigate the challenges of caring for someone with unique needs. This includes the ability to communicate directly with advocates who can connect them to help with housing, transportation, education, recreation, funding, and other support.

Variety holds a Variety Family Conference each fall to address current issues facing families. Additionally, Variety Family Council, composed of Variety parents, meets once a month to provide programming guidance and direction.

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

---

### Note A - Nature of Activities (Continued)

Endless PossAbilities is a new virtual speaker series free and open to Variety Families. During each session, an individual with a disability shares their inspirational story of how they achieved their unique possibilities, covering a wide range of topics.

**Awareness:** Variety is also committed to educating and raising mission awareness among the general public and spreading a message about the importance of accessibility and inclusion by communicating the impact of Variety's programs.

### Note B - Summary of Significant Accounting Policies

#### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

#### **Estimates**

Variety uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

Variety considers all cash investment instruments with original maturities of less than 90 days to be cash equivalents. Variety maintains cash accounts at one financial institution during the fiscal year ended September 30, 2022 and two during the fiscal year ended September 30, 2021. At times, bank balances exceed federal depository insurance limits of \$250,000 per financial institution. Cash balances in excess of FDIC limits amounted to \$2,317,879 as of September 30, 2022 and \$2,001,979 as of September 30, 2021.

#### **Promises to Give and Grants Receivable**

Promises to give and grants receivable consist of unconditional contributions and grants. Promises to give and grants receivable are considered conditional when a measurable barrier and right of return or release exists. The promise becomes unconditional and is recognized as revenue when the barriers upon which they depend are overcome. When the satisfaction of a barrier is accomplished in the same period that the contribution is made, conditional contributions are recorded as unconditional.



# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

---

### Note B - Summary of Significant Accounting Policies (Continued)

#### **Promises to Give and Grants Receivable (Continued)**

Based on a review of outstanding balances and past collection history, management does not believe an allowance for uncollectible promises to give or grants receivable is necessary. Management closely monitors outstanding balances and writes off, through a charge to earnings, balances when they are deemed uncollectible.

#### **Investments**

Variety invests in various investment securities. Marketable investments are carried at market value as quoted on major security exchanges. Investments for which quoted market prices are not available are carried at estimated realizable values as determined by the fund managers and are reviewed by management. Certificates of deposit are carried at cost plus accrued interest, which approximates fair value. Gains or losses on sale of investments are determined on a specific cost identification method. Unrealized gains and losses are determined based on year-end fair value fluctuations.

Investment income reflected as operating revenue on the statement of activities consists of annual distributions from the Board-designated endowment fund and donor-restricted endowments taken in accordance with Variety's spending policy.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

#### **Property and Equipment**

Property and equipment are carried at cost, less accumulated depreciation. The assets are depreciated over periods ranging from three to seven years using the straight-line method. Property and equipment consists of computer equipment and software, construction in progress, office furniture and equipment, and vehicles. Variety capitalizes all expenditures in excess of \$1,000 as property and equipment.

#### **Paycheck Protection Program Loan Payable**

Variety applied for and was awarded a loan under the Paycheck Protection Program ("PPP"). Variety elected to account for the loans using the debt-model under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 470. The debt-model required initial recording of the proceeds received as financing activities and the loan as a liability. As authorized by Section 1106 of the CARES Act, Variety was legally released from the obligation to repay the loan. The liability was reduced by the amount forgiven and a gain on extinguishment was recorded in the statement of activities.

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

---

### Note B - Summary of Significant Accounting Policies (Continued)

#### **Net Asset Classification**

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor-stipulates that resources be maintained in perpetuity.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

#### **Operating and Non-Operating Activity**

Operating results in the statement of activities reflect all recurring transactions except investment income not appropriated for current year operations per Variety's spending policy.

#### **Expense Allocation**

Expenses are directly charged to program services and supporting activities where appropriate. Salaries and related expenses, computer and equipment, and rent expenses are allocated based on periodic time studies of staff time and effort. Management and general expenses include those expenses that provide for the overall support and direction of Variety. Fundraising expenses support activities related to identifying and accessing the resources necessary to maintain operations and achieve programmatic goals.

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

---

### Note B - Summary of Significant Accounting Policies (Continued)

#### **Donated Services, Use of Facilities, and Materials**

Significant services, use of facilities and materials are donated to Variety by various organizations and individuals. Donated materials and use of facilities are recorded at fair value at the date of donation. Donated services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are performed by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no donated materials, use of facilities or services in the fiscal year ended September 30, 2022. For the year ended September 30, 2021, the value of donated materials, use of facilities and services recorded was \$28,496 reflected as in-kind revenue on the statement of activities. In addition, a substantial number of volunteers have donated a significant amount of time to Variety's programs. However, such donated services have not been recorded because they do not meet the criteria for recognition.

#### **Tax Status**

Variety constitutes a qualified not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxes.

Variety has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings and believes that no provision for income taxes is necessary, at this time, to cover any uncertain tax positions.

#### **Advertising**

Advertising costs are expensed as incurred. Advertising costs amounted to \$25,339 and \$21,454 in 2022 and 2021 respectively.

#### **Joint Costs**

Variety achieves some of its programmatic and fundraising goals through special events and marketing campaigns that include requests for contributions.

During the fiscal year ended September 30, 2022, Variety incurred joint costs of \$94,125 as a result of various special events held during the fiscal year that benefited both program and fundraising objectives. Variety allocated \$75,823 to fundraising expenses and \$18,302 to program expenses for the year ended September 30, 2022. Variety did not incur any joint costs in fiscal year 2021.

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

---

### Note B - Summary of Significant Accounting Policies (Continued)

#### **Revenue Recognition**

Contributions are recognized when cash, securities or other assets, an unconditional promise, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

A portion of Variety's support is derived from cost-reimbursable government contracts, which are conditional upon the incurrence of allowable qualifying expenses. Failure to fulfill the conditions could result in the return of funds or no release of the funds. No amounts have been reflected in these financial statements for these contracts until conditions are satisfied. Revenue is recognized when Variety has incurred expenditures in compliance with specific contract or grant provisions. As of September 30, 2022, grants receivable in the statement of financial position includes \$156,595 of qualifying expenditures that have been incurred but not yet reimbursed. No qualifying expenses related to this cost-reimbursement grant were incurred during fiscal year ended September 30, 2021.

Special event revenue includes ticket sales for special events held by Variety during the fiscal year. The ticket sales and sponsorships, included in special event revenue, are partially for an exchange in goods or services and partially a contribution to Variety. The contribution is recognized when committed while the reciprocal piece is recognized at the time of the event.

#### **Employee Retention Credit (ERC) Program**

On December 27, 2020, in response to the COVID-19 pandemic, the U. S. Congress enacted the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 ("CRRSAA"), which among other things, contains provisions for an employee retention credit, a refundable payroll credit for 50% of wages and health benefits paid to employees not providing services or experienced a decline in gross receipts, as a result of the COVID-19 pandemic. As a result of the CARES Act, Variety claimed the employee retention credit, which was recorded as other receivable on the statements of financial position and other revenue and support on the statements of activities.

#### **Change in Accounting Principles**

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which provides for new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. Variety adopted ASU 2020-07 with a date of initial application of October 1, 2021, using the modified retrospective method. The adoption of ASU 2020-07 did not have a significant impact on Variety's financial position, results of operations, or cash flows.

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

---

### Note B - Summary of Significant Accounting Policies (Continued)

#### Subsequent Events

Management has evaluated subsequent events through January 31, 2023, the date which the financial statements were available for issue. No events require recognition in the financial statements or disclosures by Variety.

### Note C - Available Resources and Liquidity

The following represents Variety's financial assets at September 30, 2022 and 2021 available to meet general expenditures in the next year:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,346,806	\$ 2,370,348
Promises to give	275,046	820,139
Grants receivable	156,595	-
Accounts receivable - employee retention credit	43,927	247,500
Investments	3,792,295	5,097,013
Assets restricted for permanent investment	<u>1,402,928</u>	<u>1,402,928</u>
Total financial assets	<u>8,017,597</u>	<u>9,937,928</u>
Less: amounts not available to be used within one year for general expenditures:		
Restricted by donor with time or purpose restriction**	(219,043)	(268,449)
Endowment funds*	(1,608,690)	(2,056,252)
Quasi-endowment fund, primarily for long-term investing*	(3,153,909)	(4,105,996)
Amount set aside for liquidity reserve	<u>(200,000)</u>	<u>(200,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,835,955</u>	<u>\$ 3,307,231</u>

\* Excludes amounts that have been appropriated for the next 12 months

\*\* Excludes amounts that will be utilized for general expenditure in the next 12 months

Variety's methodology in determining what financial assets will be available to meet general expenditures over the next 12 months is based on expected fulfillment of donor restrictions. All Board-designated and donor-designated endowment funds are not considered available for general expenditure in the next 12 months other than the appropriated annual distribution for these funds, an anticipated \$175,000 from the Board-designated quasi-endowment fund and \$70,000 from the donor-restricted endowment fund during the next fiscal year.



# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

---

### Note C - Available Resources and Liquidity (Continued)

Net assets restricted by the donor for time are evaluated if the payment is expected within the next 12 months. Net assets restricted by the donor for purpose are evaluated if Variety will be able to expend the funds for the designated purpose in the next 12 months. As of September 30, 2022, all promises to give and grants receivable due in one year or less are expected to be paid and expended within the next 12 months. All donor-restricted net assets with a purpose restriction totaling \$493,594 as of September 30, 2022, other than funds to support the Variety Playground which total \$177,694 at September 30, 2022, are expected to be expended for the intended purpose within the next 12 months.

In addition to financial assets available to meet general expenditures over the next 12 months, Variety operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted resources.

Variety's endowment funds consist of donor-restricted endowments and funds designated by the Board to function as endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

Variety's Board-designated endowment of \$3,328,909 and \$4,205,996 as of September 30, 2022 and 2021, respectively, is subject to an annual spending rate of up to 5% as described in Note I. Although Variety does not intend to spend from this Board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

Variety has an active liquidity management plan to prepare for the cyclical nature of the annual cash flow cycle. Occasionally, the Board designates a portion of any operating surplus to its Board-designated operating reserve, which was \$200,000 as of September 30, 2022 and 2021, respectively.

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

---

### Note D – Promises to Give

Promises to give represent pledges which have been made by donors but not yet received by Variety. Promises to give are collectible as follows:

	<u>2022</u>	<u>2021</u>
Due in less than one year	\$ 233,697	\$ 729,386
Due in one to five years	50,000	100,000
	<u>283,697</u>	<u>829,386</u>
Less: discount on promises to give	(8,651)	(9,247)
	<u>\$ 275,046</u>	<u>\$ 820,139</u>

Promises to give are recorded after discounting to the present value of future cash flows using a discount rate of 6.25% and 3.25% in fiscal year 2022 and 2021, respectively.

### Note E - Investments and Fair Value Measurements

Variety accounts for certain investments at fair value in accordance with accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

There are three general valuation techniques that may be used to measure fair value:

- **Market Approach** – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- **Cost Approach** – Based on the amount that currently would be required to replace the service capacity of an asset.
- **Income Approach** – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts.

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

---

### Note E - Investments and Fair Value Measurements (Continued)

Investments measured and reported at fair value are classified and disclosed in one of the following three levels:

- **Level 1:** Observable inputs that are derived from quoted prices (unadjusted) for identical assets or liabilities in an active market that the organization has the ability to access.
- **Level 2:** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in active markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- **Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities and reflect substantial management judgement or estimation using available market data.

Management determines the fair value measurement valuation policies and procedures, which are subject to Board of Directors assessment and approval. At least annually, management determines if the current valuation techniques used in fair value measurements are still appropriate. During the years ending September 30, 2022 and 2021, there were no changes in the methods and/or assumptions utilized to derive the fair value of Variety's assets.

As of September 30, 2022, and 2021, assets utilize the following valuation techniques and inputs:

- **Bonds:** The fair value of investments in governmental obligations is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark constant maturity curves and spreads.
- **Equities and Securities:** The fair value of investments in equities and securities is determined by the closing price reporting on the active market on which the individual securities are traded.

Variety recognizes transfers, if any, between levels in the fair value hierarchy at the end of the reporting period. There were no transfers during the years ended September 30, 2022 and 2021.

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

### Note E - Investments and Fair Value Measurements (Continued)

Investments, including those restricted for permanent endowment, consist of the following at September 30, 2022:

	Level 1	Level 2	Level 3	Fair Value
Inflation protected bond	\$ -	\$ 664,425	\$ -	\$ 664,425
Equity funds				
Domestic	2,163,270	-	-	2,163,270
Emerging markets	339,746	-	-	339,746
International	1,021,534	-	-	1,021,534
Real estate	234,246	9,300	-	243,546
Total securities	<u>\$ 3,758,796</u>	<u>\$ 673,725</u>	<u>\$ -</u>	<u>\$ 4,432,521</u>
Investments required to be disclosed in the fair value hierarchy				\$ 4,432,521
Cash and cash equivalents				7,007
Certificates of deposit				755,695
Total investments				<u>\$ 5,195,223</u>

Investments, including those restricted for permanent endowment, consist of the following at September 30, 2021:

	Level 1	Level 2	Level 3	Fair Value
Inflation protected bond	\$ 24,361	\$ 615,797	\$ -	\$ 640,158
Equity funds				
Domestic	2,797,399	-	-	2,797,399
Emerging markets	447,638	-	-	447,638
International	1,358,006	-	-	1,358,006
Real estate	293,411	-	-	293,411
Total securities	<u>\$ 4,920,815</u>	<u>\$ 615,797</u>	<u>\$ -</u>	<u>\$ 5,536,612</u>
Investments required to be disclosed in the fair value hierarchy				\$ 5,536,612
Cash and cash equivalents				19,449
Certificates of deposit				943,880
Total investments				<u>\$ 6,499,941</u>

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

---

### Note E - Investments and Fair Value Measurements (Continued)

Investments are included in the statement of financial position as follows:

	<u>2022</u>	<u>2021</u>
Investments	\$ 3,792,295	\$ 5,097,013
Assets restricted for permanent investment	1,402,928	1,402,928
	<u>\$ 5,195,223</u>	<u>\$ 6,499,941</u>

Investment income (loss) consists of:

	<u>2022</u>	<u>2021</u>
Investment income	\$ 267,409	\$ 114,525
Realized gain (loss) on the sale of investments	(2,323)	119,210
Unrealized gain (loss) on investments	(1,287,836)	1,105,777
Investment fees	(25,000)	(25,000)
	<u>\$ (1,047,750)</u>	<u>\$ 1,314,512</u>

### Note F - Paycheck Protection Program Loan Payable

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law. The legislation includes provisions for expansion of the U.S. Small Business Administration's 7(a) Loan Program to support the new Paycheck Protection Program ("PPP2"). Variety applied and was awarded a loan in the amount of \$332,545 under the PPP1 and \$332,500 under the PPP2. Loans made under the PPP can be forgiven if certain conditions are met. As of September 30, 2021, the notes payable balance consisted of PPP2 and was \$332,500.

Variety received full forgiveness under round 1 of the PPP program, indicated on April 23, 2021 in the amount of \$332,545, which represents principal in the amount of \$332,545. The forgiveness is reported in other revenue and support on the statement of activities for the year ended September 30, 2021.

Variety received full forgiveness under round 2 of the PPP program, indicated on July 1, 2022 in the amount of \$332,500, which represents principal in the amount of \$332,500. The forgiveness is reported in other revenue and support on the statement of activities for the year ended September 30, 2022.



# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

---

### Note G - Net Assets

#### Board-Designated Net Assets

In addition to Board-designated for endowment net assets as described in Note I, Variety has board-designated net assets for a reserve fund. Board-designated net assets for a reserve fund are comprised of funds held in cash and cash equivalents for Variety programs.

#### Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for a specific purpose:		
Variety Adventure Camp	\$ -	\$ 19,000
Variety Playground	177,694	177,694
Performing Arts	15,000	173,478
Bikes for Kids	121,349	159,994
Education and Family Support	16,009	16,009
Equipment	160,595	69,689
Therapy	2,947	7,515
Other	-	25,000
	<u>493,594</u>	<u>648,379</u>
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<u>131,750</u>	<u>528,500</u>
	<u>131,750</u>	<u>528,500</u>
Endowments:		
Subject to endowment spending policy and appropriation:		
Variety Adventure Camp - unappropriated endowment earnings	275,762	713,324
Not subject to endowment spending policy or appropriation:		
Variety Adventure Camp - amounts to be held in perpetuity	<u>1,402,928</u>	<u>1,402,928</u>
	<u>1,678,690</u>	<u>2,116,252</u>
	<u>\$ 2,304,034</u>	<u>\$ 3,293,131</u>

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

---

### Note G - Net Assets (Continued)

Net assets released from restrictions consist of the following:

	<u>2022</u>	<u>2021</u>
Purpose restrictions	\$ 441,472	\$ 832,560
Time restrictions	528,500	729,640
	<u>\$ 969,972</u>	<u>\$ 1,562,200</u>

Releases for program restrictions include \$78,146 and \$58,354 of appropriation of endowment earnings for Variety Adventure Camp in 2022 and 2021, respectively (Note I).

### Note H - Benefit Plan

Variety has a Simple IRA plan which allows eligible employees to make tax-deferred contributions. In addition, Variety makes 100% matching contributions up to 3% of participating employees' wages on behalf of eligible employees. Variety's contributions to the Plan were \$34,972 and \$40,520 for the years ended September 30, 2022 and 2021, respectively.

### Note I - Endowment Funds – Board-Designated and Donor-Restricted

Variety's endowment (the Endowment) consists of seven funds established by donors to provide annual funding for specific activities. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

The Board of Directors of Variety has interpreted the Missouri Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the presentation of the fair value of the original gift as the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Variety retains in perpetuity (a) the original value of initial and subsequent gifts, and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subjected to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

### Note I - Endowment Funds – Board-Designated and Donor-Restricted (Continued)

In accordance with UPMIFA, Variety considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of Variety, and (7) Variety's investment policies.

As of September 30, 2022, and 2021, Variety had the following endowment net asset composition by type of fund:

	<u>2022</u>		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment	\$ 3,328,909	\$ -	\$ 3,328,909
Donor-restricted endowment			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	1,402,928	1,402,928
Accumulated investment gains	-	275,762	275,762
	<u>\$ 3,328,909</u>	<u>\$ 1,678,690</u>	<u>\$ 5,007,599</u>

	<u>2021</u>		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment	\$ 4,205,996	\$ -	\$ 4,205,996
Donor-restricted endowment			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	1,402,928	1,402,928
Accumulated investment gains	-	713,324	713,324
	<u>\$ 4,205,996</u>	<u>\$ 2,116,252</u>	<u>\$ 6,322,248</u>

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

---

### **Note I - Endowment Funds – Board-Designated and Donor-Restricted (Continued)**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Variety to retain as a fund of perpetual duration. No endowments were underwater at September 30, 2022 and 2021, respectively.

Variety has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for specific activities and general operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of maintaining the Endowment investments. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Achieving these objectives requires assuming a moderate level of risk, a long-term investment horizon and diversification among assets.

Variety uses an endowment spending-rate formula to determine the maximum amount to spend from the Endowment, including those endowments deemed to be underwater, each year. For the Board-designated endowment fund, the rate, determined annually by the Board of Directors, is applied to the average fair value of the Endowment investments for the prior 12 quarters to determine the spending rate for the upcoming year. During 2022 and 2021, the spending rate maximum was 5%. For the donor-restricted endowments, Variety may use a maximum of 4% of the total amount of the fund, based on the value of the fund at December 31<sup>st</sup> of the preceding year, to support Variety Adventure Camp.

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

### Note I - Endowment Funds – Board-Designated and Donor-Restricted (Continued)

The changes in endowment net assets are as follows for the year ended September 30:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment Net Assets at October 1, 2020	\$ 3,447,896	\$ 1,703,729	\$ 5,151,625
Transfers to Board-Designated Endowment	21,400	-	21,400
Interest and dividends	76,060	38,465	114,525
Realized gain	67,924	51,286	119,210
Unrealized gain	716,573	389,204	1,105,777
Investment fees	(16,922)	(8,078)	(25,000)
Total Investment Income	843,635	470,877	1,314,512
Appropriation of endowment earnings	(106,935)	(58,354)	(165,289)
Endowment Net Assets at September 30, 2021	\$ 4,205,996	\$ 2,116,252	\$ 6,322,248
Interest and dividends	174,092	92,686	266,778
Realized gain (loss)	9,500	(11,823)	(2,323)
Unrealized loss	(852,593)	(432,144)	(1,284,737)
Investment fees	(16,865)	(8,135)	(25,000)
Total Investment Income	(685,866)	(359,416)	(1,045,282)
Appropriation of endowment earnings	(191,221)	(78,146)	(269,367)
Endowment Net Assets at September 30, 2022	\$ 3,328,909	\$ 1,678,690	\$ 5,007,599

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

---

### Note J - Lease Commitment

Variety has operating leases for office space and equipment. Future minimum lease payments as of September 30, 2022 are as follows:

<u>Years ending September 30<sup>th</sup></u>	<u>Amount</u>
2023	\$ 153,606
2024	141,562
2025	2,726
2026	955
2027	955

Rent expense resulting from lease commitments, included in the financial statements under rent expense and computer and equipment expense in the statement of functional expense, totaled \$174,693 and \$152,705 for the years ended September 30, 2022 and 2021, respectively.

### Note K - Special Events

Special events consist of:

	<u>2022</u>	<u>2021</u>
Event table and ticket sales	\$ 187,637	\$ 4,000
Contributions for underwriting support	-	3,000
Auction revenue	-	290
Gross special event revenue	<u>187,637</u>	<u>7,290</u>
Less: cost of direct benefit to donors	<u>155,139</u>	<u>228</u>
Special event revenue (net)	<u>\$ 32,498</u>	<u>\$ 7,062</u>

Due to the COVID-19 pandemic and restrictions on large gatherings as well as concerns for the health and safety of guests, staff and Variety children and families, in person special events were cancelled in fiscal year 2021.

# VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

## Notes to Financial Statements

September 30, 2022 and 2021

---

### Note L – Employee Retention Credit (ERC) Funding

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") provides an employee retention credit ("CARES Employee Retention Credit"), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. In calendar year 2020, the tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee. In calendar year 2021, the tax credit is equal to 70% of the qualified wages paid to an employee after December 31, 2020, through September 30, 2021. The maximum employee retention credit available is \$7,000 per employee per calendar quarter, for a total of \$21,000 for the first three calendar quarters of 2021. Variety qualified for the tax credit and received additional tax credits for qualified wages, and Variety recorded \$4,961 and \$499,686 benefit related to the CARES Employee Retention Credit in the accompanying statement of activities as other revenue and support for the years ended September 30, 2022 and 2021, respectively. As of September 30, 2022, Variety collected \$208,534 in tax credits and the accounts receivable – employee retention credit in the statement of financial position includes \$43,927 of tax credits not yet paid.

### Note M – Related Party Transactions

Members of the Board of Directors and their related organizations contributed \$1,449,142 and \$1,594,028 in cash and non-cash contributions and special event support for the years ended September 30, 2022 and 2021, respectively.