

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

SEPTEMBER 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
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, 2024 and 2023, 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, 2024 and 2023, 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 for 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}
St. Louis, Missouri

January 28, 2025

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Statements of Financial Position

September 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	\$ 1,643,992	\$ 1,945,206
Promises to give	409,578	201,083
Grants receivable (Note B)	108,757	175,939
Other receivables - employee retention credit (Note K)	43,927	43,927
Prepaid expenses	19,097	60,905
Investments (Note D)	5,258,228	4,028,527
Property and equipment (net of accumulated depreciation of \$98,846 in 2024 and \$87,979 in 2023)	16,170	25,013
Right of use assets - operating leases (Note H)	4,666	141,386
Assets restricted for permanent investment (Notes D and E)	1,402,928	1,402,928
Total Assets	\$ 8,907,343	\$ 8,024,914
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 369,472	\$ 504,483
Operating lease liabilities (Note H)	4,666	143,344
Total Liabilities	374,138	647,827
Net Assets (Note E)		
Without donor restrictions:		
Board-designated for endowment (Note G)	4,220,908	3,380,239
Board-designated for operating reserve	200,000	200,000
Undesignated	1,084,143	1,352,603
	5,505,051	4,932,842
With donor restrictions:		
Endowment (Note G)	2,262,556	1,873,521
Purpose restrictions	665,520	455,894
Time-restricted for future periods	100,078	114,830
	3,028,154	2,444,245
Total Net Assets	8,533,205	7,377,087
Total Liabilities and Net Assets	\$ 8,907,343	\$ 8,024,914

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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions (Note J)	\$ 2,455,409	\$ 383,349	\$ 2,838,758
Government grants	473,984	108,757	582,741
Special events, net (Notes I & J)	7,630		7,630
Program revenue - Performing Arts	6,684	-	6,684
In-kind revenue	27,946	-	27,946
Investment income, designated for current operations per spending policy (Note B & D)	219,451		219,451
Net assets released from restrictions (Note E)	379,449	(379,449)	-
Total Revenue	3,570,553	112,657	3,683,210
Expenses			
Program	2,647,518	-	2,647,518
Management and general	554,631	-	554,631
Fundraising	636,861	-	636,861
Total Expenses	3,839,010	-	3,839,010
Change in Net Assets from Operations	(268,457)	112,657	(155,800)
Other Revenue and Support			
Contributions transferred to Board-designated endowment (Note G)	225,449	-	225,449
Investment income, net of spending policy and fees (Note D)	615,217	471,252	1,086,469
Change in Net Assets	572,209	583,909	1,156,118
Net Assets, Beginning of Year	4,932,842	2,444,245	7,377,087
Net Assets, End of Year	\$ 5,505,051	\$ 3,028,154	\$ 8,533,205

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions (Note J)	\$ 2,402,348	\$ 114,230	\$ 2,516,578
Government grants	144,731	175,938	320,669
Special events, net (Notes I & J)	122,170	26,600	148,770
In-kind revenue	19,947	-	19,947
Investment income, designated for current operations per spending policy (Note B & D)	448,567	-	448,567
Net assets released from restrictions (Note E)	444,811	(444,811)	-
Total Revenue	3,582,574	(128,043)	3,454,531
Expenses			
Program	2,570,804	-	2,570,804
Management and general	547,072	-	547,072
Fundraising	722,012	-	722,012
Total Expenses	3,839,888	-	3,839,888
Change in Net Assets from Operations	(257,314)	(128,043)	(385,357)
Other Revenue and Support			
Investment income, net of spending policy and fees (Note D)	49,262	268,254	317,516
Loss on disposal of fixed assets	(47,351)	-	(47,351)
Change in Net Assets	(255,403)	140,211	(115,192)
Net Assets, Beginning of Year	5,188,245	2,304,034	7,492,279
Net Assets, End of Year	\$ 4,932,842	\$ 2,444,245	\$ 7,377,087

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, 2024

	Program										
	Core		Enrichment					Total Program Expenses	Management & General	Fundraising	Total
	Equipment	Therapy	Recreation	Performing Arts	Education and Family Support	Awareness					
Medical equipment and therapy	\$ 1,147,036	\$ 285,736	\$ -	\$ -	\$ -	\$ -	\$ 1,432,772	\$ -	\$ -	\$ 1,432,772	
Salaries and related expenses	192,002	70,409	452,687	114,763	18,340	47,216	895,417	377,585	512,460	1,785,462	
Advertising	-	-	1,480	-	-	-	1,480	1,840	399	3,719	
Bad debt expense	-	-	-	-	-	-	-	22,769	-	22,769	
Computer and equipment (Note H)	4,748	1,735	12,487	2,539	400	7,573	29,482	20,992	32,173	82,647	
Depreciation	20	-	-	-	-	1,250	1,270	9,577	20	10,867	
Food	1,272	-	3,372	1,222	-	141	6,007	4,398	2,220	12,625	
Insurance	-	-	3,454	-	-	-	3,454	19,396	-	22,850	
Office expense	754	431	4,702	630	150	759	7,426	37,669	3,888	48,983	
Outside services and professional fees	4,500	-	20,649	411	36	200	25,796	31,996	16,385	74,177	
Postage and printing	699	-	144	47	-	14	904	2,195	14,920	18,019	
Production costs and contractors	-	-	29,016	25,824	-	-	54,840	-	-	54,840	
Rent (Note H)	21,070	5,883	38,596	27,303	2,027	4,824	99,703	22,440	53,169	175,312	
Supplies	47,486	-	19,317	2,413	-	778	69,994	271	296	70,561	
Travel	566	46	16,724	791	4	601	18,732	121	2,315	21,168	
Other	40	-	101	100	-	-	241	3,382	1,711	5,334	
Total expenses by function	\$ 1,420,193	\$ 364,240	\$ 602,729	\$ 176,043	\$ 20,957	\$ 63,356	\$ 2,647,518	\$ 554,631	\$ 639,956	\$ 3,842,105	
Less expenses included with revenues on the Statement of Activities:											
Cost of direct benefits to donors (Note I)	-	-	-	-	-	-	-	-	3,095	3,095	
Total expenses included in the Statement of Activities	\$ 1,420,193	\$ 364,240	\$ 602,729	\$ 176,043	\$ 20,957	\$ 63,356	\$ 2,647,518	\$ 554,631	\$ 636,861	\$ 3,839,010	

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, 2023

	Program										
	Core		Enrichment					Total Program Expenses	Management & General	Fundraising	Total
	Equipment	Therapy	Recreation	Performing Arts	Education and Family Support	Awareness					
Medical equipment and therapy	\$ 1,190,655	\$ 305,841	\$ -	\$ -	\$ -	\$ -	\$ 1,496,496	\$ -	\$ -	\$ 1,496,496	
Salaries and related expenses	138,852	79,919	313,330	90,585	17,484	62,542	702,712	361,613	528,851	1,593,176	
Advertising	606	528	1,398	-	-	1,037	3,569	150	2,729	6,448	
Bad debt expense	-	-	-	-	-	-	-	11,767	-	11,767	
Computer and equipment (Note H)	6,027	1,992	8,475	2,440	628	9,458	29,020	19,777	33,024	81,821	
Depreciation	-	-	2,263	711	-	1,251	4,225	13,987	-	18,212	
Food	1,236	-	5,729	1,882	2,915	254	12,016	1,795	43,527	57,338	
Insurance	271	-	5,243	4,540	-	44	10,098	14,598	641	25,337	
Office expense	661	366	2,567	372	-	848	4,814	65,335	5,617	75,766	
Outside services and professional fees	1,200	2,043	19,518	27,473	3,677	1,230	55,141	29,917	48,605	133,663	
Postage and printing	295	201	270	44	217	1,053	2,080	1,770	45,917	49,767	
Production costs and contractors	-	-	24,311	37,916	1,268	-	63,495	-	93,904	157,399	
Rent (Note H)	17,746	7,599	35,459	35,911	3,413	13,853	113,981	22,512	67,968	204,461	
Supplies	29,417	-	18,624	1,684	-	93	49,818	278	5,047	55,143	
Travel	361	-	15,781	6,056	61	235	22,494	39	1,519	24,052	
Other	-	-	738	-	-	107	845	3,534	429	4,808	
Total expenses by function	\$ 1,387,327	\$ 398,489	\$ 453,706	\$ 209,614	\$ 29,663	\$ 92,005	\$ 2,570,804	\$ 547,072	\$ 877,778	\$ 3,995,654	
Less expenses included with revenues on the Statement of Activities:											
Cost of direct benefits to donors (Note I)	-	-	-	-	-	-	-	-	155,766	155,766	
Total expenses included in the Statement of Activities	\$ 1,387,327	\$ 398,489	\$ 453,706	\$ 209,614	\$ 29,663	\$ 92,005	\$ 2,570,804	\$ 547,072	\$ 722,012	\$ 3,839,888	

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, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 1,156,118	\$ (115,192)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	10,867	18,212
Realized gain on investments (Note D)	(1,649,228)	(86,510)
Unrealized (gain) loss on investments (Note D)	493,934	(509,372)
Bad debt expense	22,769	11,767
Loss on disposal of fixed assets	-	47,351
Changes in assets and liabilities:		
(Increase) decrease in promises to give	(231,264)	47,196
(Increase) decrease in grants receivable	67,182	(4,344)
(Increase) decrease in prepaid expenses	41,808	(18,961)
Increase (decrease) in right of use assets and lease liabilities	(1,958)	1,958
Decrease in accounts payable and accrued expenses	(135,011)	(161,855)
Net Cash Used in Operating Activities	(224,783)	(769,750)
Cash Flows from Investing Activities		
Proceeds from sale of investments	3,920,538	855,822
Purchase of investments	(3,994,945)	(496,172)
Proceeds from sale of fixed asset	-	8,500
Purchase of fixed assets	(2,024)	-
Net Cash Provided by (Used in) Investing Activities	(76,431)	368,150
Net Decrease in Cash and Cash Equivalents	(301,214)	(401,600)
Cash and Cash Equivalents, Beginning of Year	1,945,206	2,346,806
Cash and Cash Equivalents, End of Year	\$ 1,643,992	\$ 1,945,206

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, 2024 and 2023

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 provides children with 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, corporations, and foundations, 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 significant, life-changing impact and benefits. This equipment increases children's mobility (wheelchairs, standers, walkers, orthotics), as well as improves 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 these children to improve strength, endurance, and mobility, while also increasing their level of independence at home and school. Variety ensures that children receive physical, occupational, speech, aqua or hippotherapy sessions, and that cost does not prevent children from receiving the care they need. Variety also provides virtual therapy as an option for families living in areas with few options for therapists and/or for those wanting to reduce the significant time spent traveling to various medical appointments.

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, music, art, bicycling, ice-skating, fishing, robotics and more - while socializing with their peers and making long-lasting friendships.

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Notes to Financial Statements

September 30, 2024 and 2023

Note A - Nature of Activities (Continued)

Recreation (continued): Variety has partnered with Boy Scouts of America to create a Venturing Crew for children with disabilities ages 14 through 20. Participants gain leadership skills, pursue their special interests to become good citizens, and increase socialization skills. By working together to plan and implement meaningful activities, Variety Teens learn and grow in a supportive, caring, and fun environment.

Performing Arts: In keeping with the historical roots of the Organization, Variety Theatre is an inclusive theatre program that gives children of all abilities the opportunity to perform on-stage.

The summer theater program offers intensive instruction in every aspect of producing a show, including singing, dancing, and acting, culminating in a showcase performance. Any child, regardless of experience or ability, is invited to participate in this inclusive and adapted program directed by professionals from the world of musical theater. In 2024, Variety partnered with the Center of Creative Arts (COCA) to produce a Broadway-style musical, uniting children of all abilities and advancing efforts in inclusion and equity. This program celebrates each child's individuality, fosters new friendships, and boosts self-esteem, inspiring further involvement in the performing arts.

Additionally, the Variety Children's Chorus program provides opportunities for children and teens, ages 9 through 20, 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.

The Variety Dance program also provides children with and without disabilities the chance to learn and practice musical theatre-style choreography and creative movement. 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 receiving information and resource referrals for needs outside of Variety's program areas

Awareness: Variety is dedicated to educating the public and raising awareness of its mission, emphasizing inclusion, accessibility, and the challenges faced by the families it supports. Through sharing success stories, creating engaging video content, and promoting its programs across social media, email marketing, print campaigns, and its website, Variety strives to increase understanding and support for its mission.

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Notes to Financial Statements

September 30, 2024 and 2023

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 maintained cash accounts at two financial institutions during the fiscal year ended September 30, 2024 and at one financial institution in September 30, 2023. At times, the bank balance exceeded federal depository insurance limits of \$250,000. Cash balances in excess of FDIC limits amounted to \$1,175,785 as of September 30, 2024 and \$1,721,899 as of September 30, 2023.

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 and grant become 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.

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 bad debt expense, balances when they are deemed uncollectible.

Promises to give and grants receivable as of September 30, 2024 and 2023 are due within the next 12 months.

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Notes to Financial Statements

September 30, 2024 and 2023

Note B - Summary of Significant Accounting Policies (Continued)

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 statements of financial position.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation. Property and equipment 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.

Leases

Variety has operating leases for various office equipment and office space. As of October 1, 2022 operating leases are required to be included in right-of use ("ROU") assets and lease liabilities on the statements of financial position. Variety determines if an arrangement is a lease, or contains a lease, at inception of a contract or when the terms of an existing contract are changed. Finance and operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term.

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Notes to Financial Statements

September 30, 2024 and 2023

Note B - Summary of Significant Accounting Policies (Continued)

Leases (continued)

For operating leases, the lease liability is initially and subsequently recognized based on the present value of its future lease payments. ROU assets represent Variety's right to use an underlying asset for the lease term and lease liabilities represent Variety's obligation to make lease payments arising from the lease. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability, plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. The ROU asset also includes any lease payments made and excludes lease incentives. Option periods are included in the ROU asset and liability when it is reasonably certain the option will be exercised.

As Variety's leases do not provide an implicit rate, Variety uses the risk free rate commensurate with the lease term based on the information available at commencement date in determining the present value of lease payments.

Variety has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities, on the statement of financial position, for short-term leases that have an expected lease term of 12 months or less at lease commencement. Variety recognizes lease cost associated with short-term leases on a straight-line basis over the lease term.

For any lease agreements with lease and non-lease components, Variety has elected for leases and their associated maintenance services and other expenses to be accounted for as separate lease components. Variety is a lessee in a lease agreement with third parties that do not contain material restrictions or covenants in their lease agreements, sale-leaseback transactions, land easements, or residual value guarantees.

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.

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Notes to Financial Statements

September 30, 2024 and 2023

Note B - Summary of Significant Accounting Policies (Continued)

Net Asset Classification (continued)

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, whereby 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 statements of activities as net assets released from restrictions.

Change in Net Assets from Operations

Operating results in the statements of activities reflect all transactions except investment returns in excess of amounts made available for current support, loss on disposal of fixed assets and contributions designated by the Board of Directors for the Board-designated endowment.

Expense Allocation

Expenses are directly charged to program services and supporting activities when 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.

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 based on rates in the market on similar items. 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.

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Notes to Financial Statements

September 30, 2024 and 2023

Note B - Summary of Significant Accounting Policies (Continued)

Donated Services, Use of Facilities, and Materials (continued)

For the years ended September 30, 2024 and 2023, the value of donated services, use of facilities, and materials recorded was \$27,946 and \$20,673, respectively. On the statements of activities, all of the revenue in fiscal year 2024 is reflected as in-kind revenue and in fiscal year 2023, \$19,947 is reflected as in-kind revenue and \$726 as special event revenue.

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 \$3,719 and \$6,448 in 2024 and 2023, 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, 2024, Variety incurred joint costs of \$13,558 as a result of various special events held during the fiscal year that benefited both program and fundraising objectives. Variety allocated \$12,729 to fundraising expenses and \$829 to program expenses.

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Notes to Financial Statements

September 30, 2024 and 2023

Note B - Summary of Significant Accounting Policies (Continued)

Joint Costs (continued)

During the fiscal year ended September 30, 2023, Variety incurred joint costs of \$83,917 as a result of various special events held during the fiscal year that benefited both program and fundraising objectives. Variety allocated \$69,813 to fundraising expenses and \$14,104 to program expenses.

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, 2024 and September 30, 2023, grants receivable in the statements of financial position includes \$108,757 and \$175,939, respectively, of qualifying expenditures that have been incurred, but not yet reimbursed.

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.

Subsequent Events

Management has evaluated subsequent events through January 28, 2025, the date on which the financial statements were available for issue. No events require recognition in the financial statements or disclosures by Variety.

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Notes to Financial Statements

September 30, 2024 and 2023

Note C - Available Resources and Liquidity

The following represents Variety's financial assets at September 30, 2024 and 2023 available to meet general expenditures in the next year:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,643,992	\$ 1,945,206
Promises to give	409,578	201,083
Grants receivable	108,757	175,939
Other receivables - employee retention credit	43,927	43,927
Investments	5,258,228	4,028,527
Assets restricted for permanent investment	<u>1,402,928</u>	<u>1,402,928</u>
Total financial assets	8,867,410	7,797,610
Less: amounts not available to be used within one year for general expenditures:		
Restricted by donor with time or purpose restriction**	(177,694)	(177,694)
Long term receivables	(43,927)	(43,927)
Endowment funds*	(2,187,556)	(1,798,521)
Board-designated quasi-endowment fund, primarily for long-term investing*	(4,045,908)	(3,180,239)
Amount set aside for operating reserve	<u>(200,000)</u>	<u>(200,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,212,325</u>	<u>\$ 2,397,229</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 endowment fund and \$75,000 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, 2024 and 2023

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, 2024, all promises to give and grants receivable due in one year or less are expected to be paid or expended within the next 12 months. All donor-restricted net assets with a purpose restriction totaling \$665,520 as of September 30, 2024, other than funds to support the Variety Playground which total \$177,694 at September 30, 2024, 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.

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

The Board-designated endowment of \$4,220,908 and \$3,380,239 as of September 30, 2024 and 2023, respectively, is subject to an annual spending rate of up to 5% as described in Note G. Although Variety does not intend to spend from this Board-designated endowment (other than amounts appropriated for general expenditure as part of the Board of Directors 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 of Directors designates a portion of any operating surplus to its Board-designated operating reserve, which was \$200,000 as of September 30, 2024 and 2023, respectively.

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Notes to Financial Statements

September 30, 2024 and 2023

Note D - 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.

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, 2024 and 2023, there were no changes in the methods and/or assumptions utilized to derive the fair value of Variety's assets.

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Notes to Financial Statements

September 30, 2024 and 2023

Note D - Investments and Fair Value Measurements (Continued)

As of September 30, 2024, and 2023, 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, 2024 and 2023.

Investments, including those restricted for permanent endowment, consist of the following at September 30, 2024:

	Level 1	Level 2	Level 3	Fair Value
Inflation protected bonds	\$ -	\$ 853,218	\$ -	\$ 853,218
Equity funds				
Domestic	2,826,633	-	-	2,826,633
Emerging markets	483,133	-	-	483,133
International	1,390,641	-	-	1,390,641
Real estate	240,099	-	-	240,099
Total securities	\$ 4,940,506	\$ 853,218	\$ -	\$ 5,793,724
Investments required to be disclosed in the fair value hierarchy				\$ 5,793,724
Cash and cash equivalents				66,816
Certificates of deposit				800,616
Total investments				\$ 6,661,156

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Notes to Financial Statements

September 30, 2024 and 2023

Note D - Investments and Fair Value Measurements (Continued)

Investments, including those restricted for permanent endowment, consist of the following at September 30, 2023:

	Level 1	Level 2	Level 3	Fair Value
Inflation protected bonds	\$ -	\$ 745,275	\$ -	\$ 745,275
Equity funds				
Domestic	2,360,674	-	-	2,360,674
Emerging markets	401,588	-	-	401,588
International	1,126,508	-	-	1,126,508
Real estate	233,982	-	-	233,982
Total securities	\$ 4,122,752	\$ 745,275	\$ -	\$ 4,868,027
Investments required to be disclosed in the fair value hierarchy				\$ 4,868,027
Cash and cash equivalents				10,031
Certificates of deposit				553,397
Total investments				\$ 5,431,455

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

	2024	2023
Investments	\$ 5,258,228	\$ 4,028,527
Assets restricted for permanent investment	1,402,928	1,402,928
	\$ 6,661,156	\$ 5,431,455

Investment income (loss) consists of:

	2024	2023
Interest and dividends	\$ 175,626	\$ 195,326
Realized gain on the sale of investments	1,649,228	86,510
Unrealized gain (loss) on investments	(493,934)	509,372
Investment fees	(25,000)	(25,125)
	\$ 1,305,920	\$ 766,083

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Notes to Financial Statements

September 30, 2024 and 2023

Note E - Net Assets

Board-Designated Net Assets

In addition to Board-designated for endowment net assets as described in Note G, Variety has Board-designated net assets for an operating reserve fund. Board-designated net assets for a operating 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>2024</u>	<u>2023</u>
Subject to expenditure for a specific purpose:		
Variety Adventure Camp	\$ 5,000	\$ 10,000
Variety Playground	177,694	177,694
Performing Arts	7,500	20,000
Bikes for Kids	73,000	68,000
Education and Family Support	16,009	16,009
Equipment	298,817	154,320
Therapy	87,500	9,871
	<u>665,520</u>	<u>455,894</u>
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until received	<u>100,078</u>	<u>114,830</u>
	<u>100,078</u>	<u>114,830</u>
Endowments:		
Subject to endowment spending policy and appropriation:		
Variety Adventure Camp - unappropriated endowment earnings	859,628	470,593
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>2,262,556</u>	<u>1,873,521</u>
	<u>\$ 3,028,154</u>	<u>\$ 2,444,245</u>

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Notes to Financial Statements

September 30, 2024 and 2023

Note E - Net Assets (continued)

Net assets released from restrictions consist of the following:

	<u>2024</u>	<u>2023</u>
Purpose restrictions	\$ 291,118	\$ 323,061
Time restrictions	88,331	121,750
	<u>\$ 379,449</u>	<u>\$ 444,811</u>

Releases for program restrictions include \$82,217 and \$73,423 of appropriation of endowment earnings for Variety Adventure Camp in 2024 and 2023, respectively (Note G).

Note F - 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' taxable wages on behalf of eligible employees. Variety's contributions to the Plan were \$35,212 and \$34,143 for the years ended September 30, 2024 and 2023, respectively.

Note G - 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 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, 2024 and 2023

Note G - 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, 2024, and 2023, Variety had the following endowment net asset composition by type of fund:

	<u>2024</u>		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment	\$ 4,220,908	\$ -	\$ 4,220,908
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
Unappropriated endowment earnings	-	859,628	859,628
	\$ 4,220,908	\$ 2,262,556	\$ 6,483,464

	<u>2023</u>		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment	\$ 3,380,239	\$ -	\$ 3,380,239
Donor-restricted endowment			
Original donor-restricted gift amount amount and amounts required to be maintained in perpetuity by the donor	-	1,402,928	1,402,928
Unappropriated endowment earnings	-	470,593	470,593
	<u>\$ 3,380,239</u>	<u>\$ 1,873,521</u>	<u>\$ 5,253,760</u>

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Notes to Financial Statements

September 30, 2024 and 2023

Note G - 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, 2024 and 2023.

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 2024 and 2023, the maximum spending rate 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 31st of the preceding year, to support Variety Adventure Camp.

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Notes to Financial Statements

September 30, 2024 and 2023

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets at October 1, 2022	\$ 3,328,909	\$ 1,678,690	\$ 5,007,599
Interest and dividends	129,981	65,331	195,312
Realized gain	79,269	7,198	86,467
Unrealized gain	307,502	203,871	511,373
Investment fees	(16,855)	(8,146)	(25,001)
Total investment income	499,897	268,254	768,151
Appropriation of endowment earnings	(448,567)	(73,423)	(521,990)
Endowment Net Assets at September 30, 2023	\$ 3,380,239	\$ 1,873,521	\$ 5,253,760
Transfers to Board-Designated Endowment	225,449	-	225,449
Interest and dividends	95,770	54,666	150,436
Realized gain	1,047,336	601,892	1,649,228
Unrealized loss	(317,310)	(176,624)	(493,934)
Investment fees	(16,318)	(8,682)	(25,000)
Total investment income	809,478	471,252	1,280,730
Appropriation of endowment earnings	(194,258)	(82,217)	(276,475)
Endowment Net Assets at September 30, 2024	\$ 4,220,908	\$ 2,262,556	\$ 6,483,464

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Notes to Financial Statements

September 30, 2024 and 2023

Note H - Lease Commitment

Variety has an operating lease for office space, which expired in September 2024 with monthly lease payments of \$11,464 in fiscal year 2024 and \$11,138 in fiscal year 2023. The escalating rents on the office space lease are reported as a reduction of the ROU assets as of September 30, 2023. Variety has an operating lease for a copier which expires in May 2025 with monthly lease payments of \$253 and an operating lease for a postage machine which expires in December 2027 with quarterly lease payments of \$239.

Variety entered into a new operating lease agreement for office space beginning October 1, 2024 through December 31, 2027. Monthly lease payments will amount to \$10,812 in calendar year 2025, \$11,138 in calendar year 2026 and \$11,464 in calendar year 2027. Variety received a tenant improvement allowance of \$176,243 during the lease term as well as rent abatement from October to December 2024. A asset and lease liability was recognized on October 1, 2024 which is the commencement date of the operating lease.

Rent expense under operating leases was \$139,604 for the years ended September 30, 2024 and 2023 which is included in rent expense and computer and equipment expense on the statements of functional expenses. As of September 30, 2024, the weighted-average remaining term for the operating leases is 2.24 years and the weighted-average discount rate is 4.12%. As of September 30, 2023, the weighted-average remaining term for the operating leases is 1.11 years and the weighted-average discount rate is 4.22%

The reconciliation of the undiscounted cash flows for each of the next five years of the operating lease liabilities recorded on the statements of financial position is as follows:

<u>Years ending September 30th</u>	<u>Amount</u>
2025	\$ 2,726
2026	955
2027	955
2028	239
Total minimum lease payments	\$ 4,875
Less: amount of lease payments representing interest	(209)
Present value of future minimum lease payments	<u>\$ 4,666</u>

	<u>2024</u>	<u>2023</u>
Current portion of operating lease liabilities	\$ 2,608	\$ 138,678
Long term portion of operating lease liabilities	2,058	4,666
	<u>\$ 4,666</u>	<u>\$ 143,344</u>

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Notes to Financial Statements

September 30, 2024 and 2023

Note I - Special Events

Special events, net consists of:

	<u>2024</u>	<u>2023</u>
Event table and ticket sales	\$ 4,012	\$ 144,964
Contributions	3,693	156,579
Auction revenue	2,385	-
In-kind revenue	-	726
Other revenue	635	2,267
Gross special event revenue	<u>10,725</u>	<u>304,536</u>
Less: cost of direct benefit to donors	3,095	155,766
Special events, net	<u>\$ 7,630</u>	<u>\$ 148,770</u>

Note J – Related Party Transactions

Members of the Board of Directors and their related organizations contributed \$1,098,623 and \$1,225,049 in cash and non-cash contributions and special event support for the years ended September 30, 2024 and 2023, respectively. Promises to give from related parties amounted to \$109,399 and \$154,600 at September 30, 2024 and 2023, respectively.

Note K – Employee Retention Tax Credits

The Employee Retention Tax Credit ("ERC"), a refundable tax credit against certain employment taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and was subsequently amended through additional legislation. The tax credit is equal to 50% of the qualified wages, up to \$10,000 per employee, that an employer whose business has been financially impacted by COVID-19 pays to employees after March 12, 2020 and before January 1, 2022.

VARIETY THE CHILDREN'S CHARITY OF ST. LOUIS

Notes to Financial Statements

September 30, 2024 and 2023

Note K – Employee Retention Tax Credits (continued)

During the year ended September 30, 2021, the Organization determined it was eligible to file for the ERC and calculated a total ERC of \$455,759, for the wages paid during the period April 2020 through September 2021. As the Organization had “substantially met” the program’s eligibility conditions, the Organization recognized revenue in the year ended September 30, 2021. These funds were received during the year ended September 30, 2022.

During the year ended September 30, 2022, the Organization noted an error in the amended 941 and corrected the 941 filing in the amount of \$43,927. As the Organization had “substantially met” the program’s eligibility conditions, the Organization recognized revenue for this filing in the year ended September 30, 2022. This amount has not yet been paid, and is recorded as other receivables – employee retention credit in the accompanying statements of financial position as of September 30, 2024 and 2023.

The ERC program is subject to inspection and audit by the IRS. The purpose of such audits is to determine whether entities met eligibility requirements under the program and that funds were used in accordance with guidelines and regulations. While management believes the Organization met the ERC requirements, it is possible that ERC funds recognized could ultimately be disallowed. The ultimate liability, if any, which may result from a governmental audit cannot be reasonably estimated and, accordingly, no provision for the possible disallowance of ERC funds has been recorded on the Organization's financial statements.