

**VARIETY - THE CHILDREN'S CHARITY  
OF SOUTHERN CALIFORNIA - TENT 25**

FINANCIAL STATEMENTS

YEARS ENDED  
SEPTEMBER 30, 2018 AND 2017

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Variety - the Children's Charity of  
Southern California - Tent 25

We have audited the accompanying financial statements of Variety - the Children's Charity of Southern California - Tent 25 - a non-profit organization (the Charity), which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility 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; this includes 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.

**Auditor's Responsibility**

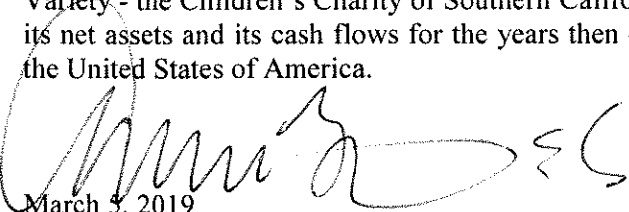
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

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 Southern California - Tent 25 as of September 30, 2018 and 2017, 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.

  
March 5, 2019  
Encino, California

**VARIETY - THE CHILDREN'S CHARITY  
OF SOUTHERN CALIFORNIA - TENT 25**

STATEMENTS OF FINANCIAL POSITION

ASSETS	September 30	
	2018	2017
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	\$ 1,168,167	\$ 1,040,051
Investments	1,172,870	1,272,821
Contributions Receivable, net of allowance for uncollectable amounts of \$8,325 and \$49,000 for the years ended September 30, 2018 and 2017, respectively	53,882	224,649
Prepaid Expenses	20,650	11,915
<b>TOTAL CURRENT ASSETS</b>	2,415,569	2,549,436
Property and Equipment (net)	5,280	6,523
Security Deposit	8,817	9,317
<b>TOTAL ASSETS</b>	\$ 2,429,666	\$ 2,565,276
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable and Accrued Expenses	\$ 86,911	\$ 10,283
Grants and Scholarships Payable	295,156	291,231
Deferred Revenue	41,700	239,040
<b>TOTAL CURRENT LIABILITIES</b>	423,767	540,554
<b>NET ASSETS:</b>		
Unrestricted	1,956,680	2,001,882
Temporarily Restricted	49,219	22,840
<b>TOTAL NET ASSETS</b>	2,005,899	2,024,722
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 2,429,666	\$ 2,565,276

The Accompanying Notes are an Integral Part of These Financial Statements

VARIETY - THE CHILDREN'S CHARITY  
OF SOUTHERN CALIFORNIA - TENT 25

STATEMENTS OF ACTIVITIES

Years Ended September 30, 2018 and 2017

	2018		2017			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUES:</b>						
Fundraising Events (Net of Special Event Costs of \$442,085 and \$475,871 in 2018 and 2017, Respectively)	\$ 984,573	\$ -	\$ 984,573	\$ 877,542	\$ -	\$ 877,542
In-Kind Contributions	43,117	-	43,117	38,019	-	38,019
Contributions	311,841	44,748	356,589	198,001	500	198,501
Investment Income	18,272	-	18,272	35,099	-	35,099
Uncollectable Contributions	(13,225)	-	(13,225)	-	-	-
Unrealized Gains	(9,120)	-	(9,120)	11,761	-	11,761
<b>TOTAL REVENUES</b>	1,335,458	44,748	1,380,206	1,160,422	500	1,160,922
Net Assets Released from Program Restrictions	18,369	(18,369)	-	16	(16)	-
<b>EXPENSES:</b>						
<b>Program Services:</b>						
Grants and Scholarships to Organizations and Individuals	891,120	-	891,120	821,624	-	821,624
Other Program Expenses	282,351	-	282,351	244,534	-	244,534
<b>TOTAL PROGRAM SERVICES</b>	1,173,471	-	1,173,471	1,066,158	-	1,066,158
<b>Supporting Services:</b>						
Management and General Expenses	45,112	-	45,112	38,730	-	38,730
Fundraising Expenses	180,446	-	180,446	154,923	-	154,923
<b>TOTAL SUPPORTING SERVICES</b>	225,558	-	225,558	193,653	-	193,653
<b>TOTAL EXPENSES</b>	1,399,029	-	1,399,029	1,259,811	-	1,259,811
<b>CHANGE IN NET ASSETS</b>	(45,202)	26,379	(18,823)	(99,373)	484	(98,889)
Net Assets - Beginning of Year	2,001,882	22,840	2,024,722	2,101,255	22,356	2,123,611
<b>NET ASSETS - END OF YEAR</b>	\$ 1,956,680	\$ 49,219	\$ 2,005,899	\$ 2,001,882	\$ 22,840	\$ 2,024,722

The Accompanying Notes are an Integral Part of These Financial Statements

VARIETY - THE CHILDREN'S CHARITY  
OF SOUTHERN CALIFORNIA - TENT 25

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended September 30, 2018 and 2017

	2018				2017			
	Supporting Services				Supporting Services			
	Program Services	Management and General Expenses	Fundraising Expenses	Total	Program Services	Management and General Expenses	Fundraising Expenses	Total
Grants	\$ 824,120	\$ -	\$ -	\$ 824,120	\$ 763,124	\$ -	\$ -	\$ 763,124
Scholarships	67,000	-	-	67,000	58,500	-	-	58,500
<b>TOTAL DONATIONS TO RECIPIENT ORGANIZATIONS</b>	891,120	-	-	891,120	821,624	-	-	821,624
Advertising	-	-	-	-	1,120	-	-	1,120
Depreciation	621	125	497	1,243	621	124	497	1,242
Employee Benefits	3,979	795	3,184	7,958	2,240	448	1,792	4,480
In-Kind Goods	43,117	-	-	43,117	38,019	-	-	38,019
Insurance	19,516	3,901	15,612	39,029	13,023	2,606	10,419	26,048
Meetings and Seminars	9,819	1,595	6,383	17,797	7,779	466	1,861	10,106
Membership Dues	4,573	915	3,658	9,146	5,392	1,048	4,313	10,753
Office Expenses & Supplies	15,316	824	3,284	19,424	10,679	885	3,545	15,109
Payroll Taxes	9,153	1,831	7,323	18,307	7,918	1,611	6,334	15,863
Professional Fees	10,301	2,060	8,240	20,601	13,690	2,739	10,952	27,381
Rent	25,710	5,021	20,085	50,816	21,671	4,334	17,336	43,341
Salaries	136,298	27,260	109,038	272,596	117,895	23,579	94,315	235,789
Telephone & Utilities	2,847	565	2,261	5,673	3,701	733	2,930	7,364
Website	1,101	220	881	2,202	786	157	629	1,572
<b>TOTAL FUNCTIONAL EXPENSES</b>	\$ 1,173,471	\$ 45,112	\$ 180,446	\$ 1,399,029	\$ 1,066,158	\$ 38,730	\$ 154,923	\$ 1,259,811

The Accompanying Notes are an Integral Part of These Financial Statements

**VARIETY - THE CHILDREN'S CHARITY  
OF SOUTHERN CALIFORNIA - TENT 25**

STATEMENTS OF CASH FLOWS

	September 30	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ (18,823)	\$ (98,889)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities:		
Depreciation	1,243	1,242
(Increase) Decrease in:		
Realized and Unrealized Gains/Losses on Investments	9,120	(11,761)
Investment Income	(18,272)	(35,099)
Contributions Receivable	170,767	(74,844)
Prepaid Expenses	(8,735)	(4,915)
Security Deposit	500	-
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	76,628	(59,666)
Grants and Scholarships Payable	3,925	(13,142)
Deferred Revenue	(197,340)	220,790
<b><i>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</i></b>	<b>19,013</b>	<b>(76,284)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	-	(5,379)
Fixed Annuity Contract	-	506,657
Investments	109,103	(1,225,960)
<b><i>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</i></b>	<b>109,103</b>	<b>(724,682)</b>
<b><i>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</i></b>	<b>128,116</b>	<b>(800,966)</b>
Cash and Cash Equivalents - Beginning of Year	1,040,051	1,841,017
<b><i>CASH AND CASH EQUIVALENTS - END OF YEAR</i></b>	<b>\$ 1,168,167</b>	<b>\$ 1,040,051</b>
Additional information:		
Amounts paid in for interest and taxes	\$ -	\$ -

The Accompanying Notes are an Integral Part of These Financial Statements

**VARIETY - THE CHILDREN'S CHARITY  
OF SOUTHERN CALIFORNIA - TENT 25**

**NOTES TO FINANCIAL STATEMENTS  
September 30, 2018 and 2017**

**NOTE 1 - NATURE OF ORGANIZATION**

Variety - the Children's Charity of Southern California - Tent 25 (the Charity) was incorporated on September 23, 1941. The Charity is a local chapter of a worldwide network, Variety International - the Children's Charity (VTCC), dedicated to providing lifesaving support for disabled, abused, physically challenged and underprivileged children. The Charity's primary goal is to inspire hope, enrich lives and build a better future for children in the Southern California community. The Charity provides support to children in three key areas: **Health Care** (early intervention programs for kids with learning disabilities; medical care and therapy for children who are victims of abuse and neglect, and camps for kids battling life-threatening illnesses), **Education** (early literacy programs, college scholarships, homework assistance, college prep, career readiness, art, music, science and technology workshops, sports and gang prevention counseling) and **Mobility** (providing children with disabilities confidence, freedom and much-needed therapeutic exercise by providing specially-designed adaptive bikes and therapeutic strollers).

The Charity's main sources of revenue are from fund-raising events and contributions.

Today, VTCC has a network of 45 offices in 14 countries, and has assisted many millions of children around the world. Unlike most charitable organizations that focus on a single disease or area of need, VTCC focuses on multiple unmet needs of children who are sick, disadvantaged or live with disabilities and other special needs at a local, national and international level. VTCC's aim is to maximize the real, long-term positive social impact for all children.

VTCC truly makes a difference in the lives of children.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

The accompanying financial statements have been prepared on the accrual basis of accounting.

**VARIETY - THE CHILDREN'S CHARITY  
OF SOUTHERN CALIFORNIA - TENT 25**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2018 and 2017

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ACCOUNTING**

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Charity are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with the specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

**Unrestricted Net Assets.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

**Temporarily Restricted Net Assets.** The Charity reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. The Charity has temporarily restricted net assets at September 30, 2018 and 2017 of \$49,219 and \$22,840 respectively.

**Permanently Restricted Net Assets.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit the Charity to expend all of the income (or other economic benefits) derived from the donated assets. The Charity has no permanently restricted net assets at September 30, 2018 and 2017.

**CASH AND CASH EQUIVALENTS**

For purposes of the statements of cash flows, the Charity considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents. The carrying value of cash and cash equivalents at September 30, 2018 approximates its fair value.

The Charity maintains its cash and cash equivalents in bank deposit accounts and other investment accounts which, at times, may exceed federally insured limits. The Charity has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.



**VARIETY - THE CHILDREN'S CHARITY  
OF SOUTHERN CALIFORNIA - TENT 25**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2018 and 2017

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**CASH AND CASH EQUIVALENTS** (continued)

Cash and cash equivalents include temporarily restricted cash and cash equivalents of \$49,219 and \$22,840 at September 30, 2018 and 2017, respectively.

**INVESTMENTS**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are recorded at their fair values in the statements of financial position. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

Investment income, including unrealized gains and losses, is included in the change in unrestricted net assets unless the donor temporarily restricts their use.

**CONTRIBUTIONS RECEIVABLE**

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. All promises to give will be received in less than one year.

**PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. The estimated useful lives of property and equipment are as follows:

Computers and Computer Software	5 Years
Furniture and Fixtures	7 Years
Office Equipment	7 Years

Expenditures for maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized.

**VARIETY - THE CHILDREN'S CHARITY  
OF SOUTHERN CALIFORNIA - TENT 25**

**NOTES TO FINANCIAL STATEMENTS  
September 30, 2018 and 2017**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**LONG-LIVED ASSETS**

The Charity reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. No impairment losses were recognized on long-lived assets during the years ended September 30, 2018 and 2017.

**GRANTS PAYABLE**

Unconditional grants to organizations and individuals are recognized as expenses and as liabilities in the period made. Conditional grants are recognized only when the conditions on which they depend are substantially met and the grant becomes unconditional. There were no conditional grants as of September 30, 2018 and 2017. Accordingly, such liabilities have not been recorded in the accompanying financial statements.

**DEFERRED REVENUE**

Fund-raising event revenues received in advance are deferred and recognized as income in the period in which the related events occur.

**FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the Charity's programs have been presented in the statements of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by the method that best measures the relative degree of benefit. The Charity uses direct salary expenses to allocate their indirect and shared costs.

**SPECIAL EVENT AND FUND RAISING EXPENSE**

Direct costs of special events are reported as a reduction of gross event revenue. Indirect costs of special events and direct costs of solicitation of general contributions and grants are reported by the Charity as fund raising expenses.

**VARIETY - THE CHILDREN'S CHARITY  
OF SOUTHERN CALIFORNIA - TENT 25**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2018 and 2017

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**MANAGEMENT'S USE OF ESTIMATES**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to use certain estimates and assumptions. 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 during the reporting period. Although management believes its estimates are appropriate, changes in assumptions utilized in preparing such estimates could cause these estimates to change sometime in the future.

Significant estimates include management's estimate of employee time allocated to program, fund-raising, and event activities for purposes of allocating costs in the statement of functional expenses and managements estimates of donated goods.

**NOTE 3 - INVESTMENTS**

The following table presents information about the Charity's assets that are measured at fair value on a recurring basis at September 30, 2018 and 2017 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

		Fair Value Measurements Using		
Year Ended September 30	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2017	\$ 1,272,821	\$ 1,272,821	\$ -	\$ -
2018	\$ 1,172,870	\$ 1,172,870	\$ -	\$ -

Investment income consists of interest and dividend income of \$18,272 and \$35,099 for the years ended September 30, 2018 and 2017, respectively.

**VARIETY - THE CHILDREN'S CHARITY  
OF SOUTHERN CALIFORNIA - TENT 25**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2018 and 2017

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	2018	2017
Computers	\$ 12,846	\$ 12,846
Furniture and Fixtures	10,763	10,763
Office Equipment	14,004	14,004
	<b>TOTAL</b>	<b>37,613</b>
Less: Accumulated Depreciation	(32,333)	(31,090)
	<b>PROPERTY AND EQUIPMENT (NET)</b>	<b>\$ 5,280</b>
	<b>\$ 5,280</b>	<b>\$ 6,523</b>

Depreciation expense charged to the statement of activities was \$1,243 and \$1,242 for the years ended September 30, 2018 and 2017, respectively.

**NOTE 5 - GRANTS AND SCHOLARSHIPS PAYABLE**

Grants and scholarships payable consist of the following:

	2018	2017
Boys and Girls Club	\$ 173,108	\$ 175,000
Scholarships	110,500	104,875
Grants/Therapy	11,548	11,356
	<b>TOTAL GRANTS AND SCHOLARSHIPS</b>	<b>295,156</b>
	<b>PAYABLE</b>	<b>\$ 291,231</b>

**VARIETY - THE CHILDREN'S CHARITY  
OF SOUTHERN CALIFORNIA - TENT 25**

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018 and 2017

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	2018		2017
Inner City Fund	\$ 10,767	\$	10,767
Lori Alvarez Memorial	12,923		12,073
Christmas Party	25,529		-
	<hr/>		
<b><i>TOTAL TEMPORARILY RESTRICTED NET ASSETS</i></b>	<b>\$ 49,219</b>	<b>\$</b>	<b>22,840</b>

**NOTE 7 - RELATED PARTY TRANSACTIONS**

As an accredited chapter of VTCC (See Note 1), the Charity remits accreditation fees to VTCC. The Charity incurred accreditation fees totaling \$8,300 and \$10,486 for the years ended September 30, 2018 and 2017, respectively.

The Charity subleases office space from VTCC. The Charity incurred rent expense to VTCC of \$50,816 and \$43,341 for the years ended September 30, 2018 and 2017, respectively.

**NOTE 8 - CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents. The Company places its cash and cash equivalents with high-credit, quality financial institutions. At times, such deposits may be in excess of amounts insured by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**VARIETY - THE CHILDREN'S CHARITY  
OF SOUTHERN CALIFORNIA - TENT 25**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2018 and 2017

**NOTE 9 - CONTRIBUTED GOODS AND SERVICES**

Contributed goods and services are recorded as contributions and expenses in the statements of activities at their estimated fair market values at the date of contribution. For the years ended September 30, 2018 and 2017, these in-kind contributions include:

	2018		2017
Special Events	\$ 184,088	\$	194,772
Programs	43,117		38,019
<b>TOTAL IN-KIND CONTRIBUTIONS</b>	<b>\$ 227,205</b>	<b>\$</b>	<b>232,791</b>

In-kind contributions relating to special events are included in fund-raising events revenue and similar amounts are included in event expenses on the statements of activities.

**NOTE 10 - INCOME TAXES**

The Charity qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and California Revenue and Taxation Code Section 23701(d). Accordingly, no provision has been made for Federal and state income taxes.

The Charity accounts for income taxes by evaluating its tax positions and recognizes a liability for any positions that would not be considered "more likely than not" to be upheld under a tax authority examination. If such issues exist, the Organization's policy will be to recognize any tax liability so recorded, including applicable interest and penalties, as a component of income tax expense.

The Charity has reviewed its tax positions and determined that an accrual for uncertain income tax positions and adjustment to the tax provision was not necessary. With few exceptions, the Organization is no longer subject to U. S. Federal and state income tax examinations for fiscal years before 2015.

**NOTE 11 - SUBSEQUENT EVENTS**

The Charity has evaluated events and transactions occurring subsequent to the statement of financial position date of September 30, 2018 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through March 5, 2019, the date these financial statements were available to be issued.