

**VARIETY CLUB OF TEXAS - TENT 17
AND VARIETY FOUNDATION OF TEXAS**

Audited Consolidated Financial Statements
And Supplementary Information

For the Year Ended
September 30, 2009

**VARIETY CLUB OF TEXAS - TENT 17
AND VARIETY FOUNDATION OF TEXAS**

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Activities	3
Consolidated Statement of Functional Expenses	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 14
Supplementary Information:	
Schedule I - Consolidating Statement of Financial Position	16
Schedule II - Consolidating Statement of Activities	17
Schedule III - Consolidating Statement of Cash Flows	18
Schedule IV - Statement of Functional Expenses - Club	19
Schedule V - Statement of Functional Expenses - Foundation	20



CF & Co., L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Variety Club of Texas – Tent 17 and Variety Foundation of Texas

We have audited the accompanying consolidated statement of financial position of the Variety Club of Texas – Tent 17, (a Texas nonprofit corporation) and Variety Foundation of Texas collectively (the “Organization”), as of September 30, 2009, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2009, and the changes in net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Schedules I, II, III, IV and V is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

CF & Co., LLP
CF & Co., L.L.P.

Dallas, Texas
March 30, 2010

VARIETY CLUB OF TEXAS - TENT 17
AND VARIETY FOUNDATION OF TEXAS
Consolidated Statement of Financial Position
September 30, 2009

ASSETS

Cash and cash equivalents	\$ 289,451
Certificates of deposit	75,011
Accounts receivable	107,500
Investments	262,131
Prepaid expenses	54,923
Other	2,409
	791,425
Property and equipment:	
Land	249,620
Buildings	590,000
Equipment	1,900
Less: accumulated depreciation	(306,919)
	534,601
	\$ 1,326,026

LIABILITIES AND NET ASSETS

Liabilities:	
Accrued liabilities	\$ 4,298
Deferred revenue	7,245
Grants payable	200,000
	211,543
Net assets:	
Unrestricted	1,009,614
Temporarily restricted	104,869
	1,114,483
	\$ 1,326,026

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

VARIETY CLUB OF TEXAS - TENT 17
AND VARIETY FOUNDATION OF TEXAS
Consolidated Statement of Activities
For the Year Ended September 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support:			
Fund raising programs	\$ 531,371	\$ -	\$ 531,371
Grants	47,835	62,000	109,835
Donations	48,693	-	48,693
Memberships	3,745	-	3,745
Other income	122,090	-	122,090
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>79,100</u>	<u>(79,100)</u>	<u>-</u>
 Total revenue and support	 <u>832,834</u>	 <u>(17,100)</u>	 <u>815,734</u>
 Expenses:			
Program services	558,438	-	558,438
General and administrative	56,289	-	56,289
Fund raising	<u>200,235</u>	<u>-</u>	<u>200,235</u>
 Total operating expenses	 <u>814,962</u>	 <u>-</u>	 <u>814,962</u>
 Increase (decrease) in net assets	 17,872	 (17,100)	 772
Net assets at beginning of year	<u>991,742</u>	<u>121,969</u>	<u>1,113,711</u>
 Net assets at end of year	 <u>\$ 1,009,614</u>	 <u>\$ 104,869</u>	 <u>\$ 1,114,483</u>

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

VARIETY CLUB OF TEXAS - TENT 17
AND VARIETY FOUNDATION OF TEXAS
Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2009

	Program Services	General and Administrative	Fund Raising	Total
Accounting	\$ -	\$ 8,056	\$ -	\$ 8,056
Bad debt expense	-	-	17,000	17,000
Bank charges	-	1,644	-	1,644
Charitable gifts	470,932	-	-	470,932
Consulting	6,000	-	-	6,000
Conventions	-	3,834	-	3,834
Cost of sales- gold hearts	-	-	39,469	39,469
Cost of sales- obsolete inventory	-	-	50,929	50,929
Depreciation	247	95	38	380
Depreciation-Foundation	15,733	-	-	15,733
Dues- International	-	5,000	-	5,000
Fundraising	-	-	82,508	82,508
Insurance	-	1,453	-	1,453
Interest (penalty and interest for late PR tax filing)	-	3,292	-	3,292
Legal fees	-	7,577	-	7,577
Marketing, advertising, promotion	191	74	29	294
Miscellaneous	38	792	541	1,371
Office	2,542	1,199	411	4,152
Office equipment	876	337	135	1,348
Postage and shipping	456	176	70	702
Printing	552	212	85	849
Rent	7,095	2,729	1,092	10,916
Salaries	45,147	17,364	6,946	69,457
Storage	846	64	25	935
Taxes- payroll	3,893	1,497	599	5,989
Telephone and internet	2,324	894	358	3,576
Travel	1,566	-	-	1,566
Total expenses	\$ 558,438	\$ 56,289	\$ 200,235	\$ 814,962

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

VARIETY CLUB OF TEXAS - TENT 17
AND VARIETY FOUNDATION OF TEXAS
Consolidated Statement of Cash Flows
For the Year Ended September 30, 2009

Cash flows from operating activities:

Change in net assets	\$	772
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation		16,113
Unrealized loss on investments		(4,401)
Increases and decreases in assets and liabilities:		
(Increase) decrease in certificates of deposit		(20,011)
(Increase) decrease in accounts receivable		(46,500)
(Increase) decrease in inventory		51,179
(Increase) decrease in prepaid assets		(41,073)
(Increase) decrease in other assets		(1,222)
Increase (decrease) in accrued liabilities		3,591
Increase (decrease) in grant payable		100,000
Increase (decrease) in deferred revenue		<u>(15,255)</u>
Net cash provided (used) by operating activities		<u>43,193</u>

Cash flows from investing activities:

Proceeds from investment		<u>25,000</u>
Net cash provided (used) by investing activities		<u>25,000</u>

Increase (decrease) in cash and cash equivalents		68,193
Cash and cash equivalents, beginning of year		<u>221,258</u>
Cash and cash equivalents, end of year	\$	<u><u>289,451</u></u>

Supplemental information:

Cash paid for interest	\$	<u><u>-</u></u>
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The accompanying notes are an integral part of these consolidated financial statements.

VARIETY CLUB OF TEXAS – TENT 17
AND VARIETY FOUNDATION OF TEXAS
Notes to Consolidated Financial Statements
September 30, 2009

Note 1 - Summary of Significant Accounting Policies

Mission of the Organization

The Variety Club of Texas - Tent 17, (the "Club,") is a nonprofit Texas Corporation affiliated with Variety Clubs International. Its mission is to aid sick, disabled and underprivileged children and the Variety Foundation of Texas (the "Foundation") is a charitable trust created by the Club in 1944, collectively (the "Organization"). Members of the Club donate their services to fund raising activities benefiting the charitable purposes of the Club.

Principles of Consolidation

The Organization has adopted the consolidation requirement of the American Institute of Certified Public Accountants Statement of Position 94-3 ("SOP 94-3"), "Reporting of Related Entities by Not-For-Profit Organizations". Under SOP 94-3, a not-for-profit organization must consolidate another not-for-profit organization in which it has a controlling financial interest. For this reason, the Club's and the Foundation's statements of financial position as of September 30, 2009, and statements of activities, functional expenses and cash flows for the year ended September 30, 2009, have been consolidated. All transactions between the two entities were eliminated upon consolidation.

Selection of Accounting Principles

In fulfilling its responsibility for the preparation of the Organization's consolidated financial statements and disclosures, management selects accounting principles generally accepted in the United States of America ("U.S. GAAP") and adopts methods for their applications. The application of accounting principles requires the estimating, matching and timing of revenue and expense in the determination of support or expenditures. It is also necessary for management to determine, measure and allocate resources and obligations within the financial process according to those principles.

Basis of Presentation

The consolidated financial statements are prepared on the accrual basis. The consolidated statement of activities is a statement of the various financial activities and changes in net assets during the current reporting period. It does not purport to represent the results of operations nor of net income or loss for the period since the primary objective of the Organization is to provide community services and not to achieve a "profit".

VARIETY CLUB OF TEXAS – TENT 17
AND VARIETY FOUNDATION OF TEXAS
Notes to Consolidated Financial Statements
September 30, 2009

Note 1 - Summary of Significant Accounting Policies, continued

Net Asset Accounting

As a nonprofit organization, management of the Organization maintains the records on a fund accounting basis in order to ensure observance of the limitations and restrictions placed on the use of its resources. This is the procedure by which net assets for various purposes are classified for accounting and reporting purposes into self-balancing accounts. Those funds are further classified into net asset groupings as follows:

Unrestricted net assets are those funds not restricted by donor imposed stipulations. Unrestricted net assets include certain funds that the Board of Directors has determined are to be retained for a particular purpose of which there were none at September 30, 2009.

Temporarily restricted net assets are those funds restricted by the donor to be expended for a specific purpose or within a certain time. Contributions received with donor restrictions that are met in the same year as received are reported as released from restrictions.

Permanently restricted net assets are subject to donor imposed restrictions that must be maintained in perpetuity. Only the income may be used by the Organization. The Organization had no permanently restricted net assets as of September 30, 2009.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor restrictions exist that specify how the assets are to be used. Gifts of long-lived assets with explicit restrictions and gifts of cash that must be used to acquire long-lived assets are reported as temporarily restricted support. The Organization reports expirations of donor restrictions when the donated assets are placed in service, unless donor restrictions indicate otherwise. Income from permanently restricted net assets is recorded as unrestricted unless otherwise restricted by the donor.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from

VARIETY CLUB OF TEXAS – TENT 17
AND VARIETY FOUNDATION OF TEXAS
Notes to Consolidated Financial Statements
September 30, 2009

Note 1 - Summary of Significant Accounting Policies, continued

Estimates, continued

those estimates. Significant estimates are necessary in the valuation of lives used for fixed assets, allocation of functional expenses, and in estimates of the collectibles of receivables. Management represents that methods used in making accounting estimates are reasonable and have been consistently applied.

Investments

Investments are carried at fair value, as determined by quoted market prices. Investment income is included in unrestricted income from operations, unless restricted by the donor.

Contributions

Contributions are recognized when a donor makes a pledge to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions (primarily restrictions as to purpose and/or time) are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. There was no allowance for uncollectible promises to give at September 30, 2009.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the programs and supporting services benefited.

Federal Income Taxes

The Organization is a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax is reported in the accompanying financial statements.

VARIETY CLUB OF TEXAS – TENT 17
AND VARIETY FOUNDATION OF TEXAS
Notes to Consolidated Financial Statements
September 30, 2009

Note 1 - Summary of Significant Accounting Policies, continued

Statement of Cash Flows

The statement of cash flows is presented using the "indirect method." For purposes of this statement, the Organization considers cash to be all cash on hand and all highly liquid investments with maturities of three months or less.

Inventory

Inventory for the Organization is comprised of gold hearts that are resold at various retail establishments as a fundraising activity. Inventory is valued at the lower of cost or market, using the average cost method.

Property and Equipment

Property and equipment are stated at cost of acquisition or fair market value as of the date of the donation.

Depreciation is provided for on the straight-line method over the estimated useful lives of the respective assets, as follows:

Equipment 5-15 years

Depreciation expense for the year ended September 30, 2009 was \$16,113.

Note 2 - In-Kind Contributions

The Foundation owns a one-third (1/3) interest in a building which is used by an unrelated charity. All maintenance, taxes and insurance relating to the property are paid by the unrelated charity. The Foundation deems the rental value of the property (\$91,840 for this current period) as a charitable grant with an offsetting credit to income from rents.

Note 3 - Commitments

In December, 2004, the Club committed to fund \$500,000 for the Variety Equestrian Center at Peaceable Kingdom. The Club, using "best efforts," will pay \$50,000 annually for ten years. Any funding not paid during any current year will carry forward to the next year. The Club has not paid \$50,000 for years ending September 30, 2009 and 2008, leaving a balance to be paid of \$350,000. The \$100,000 obligation for the years ended September 30, 2009 and 2008, has been reflected as a grant payable as of September 30, 2009.

VARIETY CLUB OF TEXAS – TENT 17
AND VARIETY FOUNDATION OF TEXAS
Notes to Consolidated Financial Statements
September 30, 2009

Note 4 - Temporarily Restricted Net Assets

As of September 30, 2009, temporarily restricted net assets were restricted by donors for the following purposes:

Sunshine coach	\$	99,269
Other		<u>5,600</u>
		<u>\$ 104,869</u>

Note 5 - Fund Raising Activities

The Club has several fund raising activities each year. During the year ended September 30, 2009, a summary of those activities is as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Increase in Net Assets</u>
Gold Hearts	\$ 248,809	\$ 90,530	\$ 158,279
Golf tournament	248,751	77,495	171,256
Other	33,811	32,210	1,601
	<u>\$ 531,371</u>	<u>\$ 200,235</u>	<u>\$ 331,136</u>

The Gold Hearts expenses include \$50,929 of accumulated inventory from prior years deemed obsolete in 2009. The Golf tournament expenses also include \$17,000 worth of bad debt.

Note 6 - Tax Status

The Internal Revenue Service (IRS) has determined that the Organization is exempt from Federal income taxes under Section 501(c)(3) and qualifies as a publicly supported organization under Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

Note 7 - Investments

The Organization's investments consist of bonds and bank deposits. The Organization may, at times, have deposits in excess of federally insured limits. (See Note 8)

VARIETY CLUB OF TEXAS – TENT 17
AND VARIETY FOUNDATION OF TEXAS
Notes to Consolidated Financial Statements
September 30, 2009

Note 8 - Fair Value Measurements

Generally accepted accounting principles have established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Changes in valuation techniques may result in transfers in or out of an investment's assigned level within the hierarchy.

The following table sets forth by level within the fair value hierarchy the Organization's assets at fair value as of September 30, 2009.

Assets/(Liabilities) at Fair Value as of September 30, 2009

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 206,083	\$ --	\$ --	\$ 206,083
Taxable bonds	--	56,048	--	56,048
Total	<u>\$ 206,083</u>	<u>\$ 56,048</u>	<u>\$ --</u>	<u>\$ 262,131</u>

At September 30, 2009, the Organization did not hold any financial liabilities measured at fair value.

VARIETY CLUB OF TEXAS – TENT 17
AND VARIETY FOUNDATION OF TEXAS
Notes to Consolidated Financial Statements
September 30, 2009

Note 9 - Office Lease

The Organization entered into an office lease. Minimum lease payments under the lease are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2010	\$ 10,725
2011	10,725
2012	10,725
2013	<u>894</u>
	<u>\$ 33,069</u>

Note 10 - Recent Accounting Pronouncements

FASB Codification

In June 2009, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standard (“SFAS”) No. 168, *The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162* (“SFAS 168”) (FASB ASC 105-10). SFAS 168 replaces all previously issued accounting standards and establishes the *FASB Accounting Standards Codification™* (“FASB ASC”) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. SFAS 168 is effective for all interim and annual periods ending after September 15, 2009. The FASB ASC is not intended to change existing U.S. GAAP. The adoption of this pronouncement only resulted in changes to the Organization’s financial statement disclosure references. As such, the adoption of this pronouncement had no effect on the Organization’s financial statements.

In order to facilitate the transition to the FASB ASC, the Organization has elected to show all references to FASB ASC within this report along with a parenthetical reference to the previous accounting standard.

Subsequent Events

SFAS No. 165. In May 2009, the FASB issued SFAS No. 165, *Subsequent Events* (“SFAS 165”) (FASB ASC 855-10). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but

VARIETY CLUB OF TEXAS – TENT 17
AND VARIETY FOUNDATION OF TEXAS
Notes to Consolidated Financial Statements
September 30, 2009

Note 10 - Recent Accounting Pronouncements, continued

before financial statements are issued or are available to be issued. Specifically, SFAS 165 provides clarity around the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosure that an entity should make about events or transactions that occurred after the balance sheet date. SFAS 165 is effective for interim and annual financial reporting periods ending after June 15, 2009 and shall be applied prospectively. The Organization adopted SFAS 165 for the annual financial reporting period ending September 30, 2009. The adoption of SFAS No. 165 did not have a material effect on the Organization's financial position, results of operations, or cash flows. See Note 11.

Fair Value Measurements

FSP No. 157-3. In October 2008, the FASB issued FASB Staff Position ("FSP") 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active* ("FSP 157-3") (FASB ASC 820-10). FSP 157-3 does not reinterpret or change SFAS 157's existing principles but rather is intended to enhance comparability and consistency in fair value measurements of financial assets that trade in markets that are inactive. FSP 157-3 primarily re-asserts that when the market is inactive, management is not required to use thinly traded quotes or quotes reflecting distressed prices. Rather, management should look to other means to estimate fair value, such as the "income approach," which discounts the estimated cash flows and results in a Level 3 classification because the inputs are not observable. Revisions resulting from a change in the valuation technique or its application shall be accounted for as a change in accounting estimate. FSP 157-3 was effective immediately upon issuance. (See Note 8)

FSP FAS No. 157-4. In April 2009, the FASB issued FSP No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* ("FSP FAS No. 157-4") (FASB ASC 820-10-65-4). FSP FAS No. 157-4 provides additional guidance for estimating fair value in accordance with SFAS 157, when the volume and level of activity for the asset or liability have significantly decreased. It also includes guidance on identifying circumstances that indicate a transaction is not orderly. FSP FAS No. 157-4 is effective for interim periods ending after June 15, 2009, but early adoption is permitted for interim periods ending after March 15, 2009. The Organization adopted FSP FAS No. 157-4 during the year ended September 30, 2009. The adoption of this pronouncement had no effect on its financial position, results of operations, or cash flows.

VARIETY CLUB OF TEXAS – TENT 17
AND VARIETY FOUNDATION OF TEXAS
Notes to Consolidated Financial Statements
September 30, 2009

Note 10 - Recent Accounting Pronouncements, continued

Fair Value Measurements, continued

FSP FAS No. 107-1/APB 28-1. In April 2009, the FASB issued FSP FAS 107-1 and Accounting Principles Board (APB) 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (“FSP FAS No. 107-1/APB 28-1”) (FASB ASC 825-10-65-1). The FSP amends SFAS No. 107, *Disclosures about Fair Value of Financial Instruments* to require an entity to provide disclosures about fair value of financial instruments in interim financial information. This FSP is to be applied prospectively and is effective for interim and annual periods ending after June 15, 2009 with early adoption permitted for periods ending after March 15, 2009. The Organization adopted FSP FAS No. 107-1/APB 28-1 during the year ended September 30, 2009. The adoption of this pronouncement had no effect on its financial position, results of operations, or cash flows.

Other Than Temporary Impairments

FSP FAS 115-2 and FSP FAS 124-2. In April 2009, the FASB issued FSP FAS No. 115-2 and FSP FAS No. 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (“FSP FAS No. 115-2 and FSP FAS No. 124-2”) (FASB ASC 320-10-65-1). This standard provides guidance in determining whether impairments in debt securities are other than temporary, and modifies the presentation and disclosures surrounding such instruments. FSP FAS No. 115-2 and FSP FAS No. 124-2 is effective for interim periods ending after June 15, 2009, but early adoption is permitted for interim periods ending after March 15, 2009. The Organization adopted FSP FAS No. 115-2 and FSP FAS No. 124-2 during the year ended September 30, 2009. The adoption of this pronouncement had no effect on its financial position, results of operations, or cash flows.

Note 11 - Subsequent Events

In preparing the accompanying consolidated financial statements, in accordance with Statement No. 165, “Subsequent Events”, the Organization has reviewed events that have occurred after September 30, 2009, through March 30, 2010, the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SCHEDULE I

VARIETY CLUB OF TEXAS - TENT 17
AND VARIETY FOUNDATION OF TEXAS
Consolidating Statement of Financial Position
September 30, 2009

<u>ASSETS</u>	<u>Club</u>	<u>Foundation</u>	<u>Reclassifications and Eliminations</u>	<u>Total</u>
Cash and cash equivalents	\$ 283,158	\$ 6,293	\$ -	\$ 289,451
Certificates of deposit	75,011	-		75,011
Accounts receivable	107,500	-		107,500
Investments	-	262,131		262,131
Prepaid expenses	37,500	17,423		54,923
Other	2,409	-		2,409
	<u>505,578</u>	<u>285,847</u>	<u>-</u>	<u>791,425</u>
Fixed Assets				
Land	-	249,620		249,620
Buildings	-	590,000		590,000
Equipment	1,900	-		1,900
Less: Accumulated depreciation	(1,430)	(305,489)		(306,919)
Total property and equipment	<u>470</u>	<u>534,131</u>	<u>-</u>	<u>534,601</u>
Total Assets	<u>\$ 506,048</u>	<u>\$ 819,978</u>	<u>\$ -</u>	<u>\$ 1,326,026</u>
 <u>LIABILITIES AND NET ASSETS</u>				
Liabilities:				
Accounts payable	\$ 4,298	\$ -	\$ -	\$ 4,298
Deferred revenue	7,245	-		7,245
Grants to others	200,000	-		200,000
Total current liabilities	<u>211,543</u>	<u>-</u>	<u>-</u>	<u>211,543</u>
Net assets:				
Unrestricted	189,636	819,978		1,009,614
Temporarily restricted	104,869	-		104,869
Total net assets	<u>294,505</u>	<u>819,978</u>	<u>-</u>	<u>1,114,483</u>
Total liabilities and net assets	<u>\$ 506,048</u>	<u>\$ 819,978</u>	<u>\$ -</u>	<u>\$ 1,326,026</u>

SCHEDULE II

VARIETY CLUB OF TEXAS - TENT 17
AND VARIETY FOUNDATION OF TEXAS

Consolidating Statement of Activities
For the Year Ended September 30, 2009

	<u>Club</u>	<u>Foundation</u>	<u>Reclassifications and Eliminations</u>	<u>Total</u>
Revenue and Support:				
Fund raising programs	\$ 531,371	\$ -	\$ -	\$ 531,371
Grants	109,835	3,500	(3,500)	109,835
Donations	48,693	-		48,693
Memberships	3,745	-		3,745
Other income	22,179	99,911		122,090
	<u>715,823</u>	<u>103,411</u>	<u>(3,500)</u>	<u>815,734</u>
Expenses:				
Program services	454,365	107,573	(3,500)	558,438
General and administrative	45,212	11,077		56,289
Fund raising	200,235	-		200,235
	<u>699,812</u>	<u>118,650</u>	<u>(3,500)</u>	<u>814,962</u>
Increase (decrease) in net assets	16,011	(15,239)	-	772
Net assets at beginning of year	<u>278,494</u>	<u>835,217</u>	<u>-</u>	<u>1,113,711</u>
Net assets at end of year	<u>\$ 294,505</u>	<u>\$ 819,978</u>	<u>\$ -</u>	<u>\$ 1,114,483</u>

SCHEDULE III

VARIETY CLUB OF TEXAS - TENT 17
AND VARIETY FOUNDATION OF TEXAS
Consolidating Statement of Cash Flows
For the Year Ended September 30, 2009

	<u>Club</u>	<u>Foundation</u>	<u>Reclassifications and Eliminations</u>	<u>Total</u>
Cash flows from operating activities:				
Change in net assets	\$ 16,011	\$ (15,239)		\$ 772
Adjustments to reconcile increase in net assets to net cash provided (used) by operating				
Depreciation	380	15,733		16,113
Unrealized gain on investments	-	(4,401)		(4,401)
Increases and decreases in assets and liabilities:				
(Increase) decrease in certificates of deposit	(20,011)	-		(20,011)
(Increase) decrease in accounts receivable	(46,500)	-		(46,500)
(Increase) decrease in inventory	51,179	-		51,179
(Increase) decrease in prepaid assets	(41,073)			(41,073)
(Increase) decrease in other assets	16,201	(17,423)		(1,222)
Increase (decrease) in accrued liabilities	5,090	(1,499)		3,591
Increase (decrease) in grant payable	100,000	-		100,000
Increase (decrease) in deferred revenue	(15,255)	-		(15,255)
Net cash provided (used) by operating activities	<u>66,022</u>	<u>(22,829)</u>	<u>-</u>	<u>43,193</u>
Cash flows from investing activities:				
Proceeds from investment		25,000		25,000
Net cash provided (used) by investing activities	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Increase (decrease) in cash and cash equivalents	66,022	2,171	-	68,193
Cash and cash equivalents, beginning of year	<u>217,136</u>	<u>4,122</u>		<u>221,258</u>
Cash and cash equivalents, end of year	<u>\$ 283,158</u>	<u>\$ 6,293</u>	<u>\$ -</u>	<u>\$ 289,451</u>
Supplemental information:				
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE IV

VARIETY CLUB OF TEXAS - TENT 17
AND VARIETY FOUNDATION OF TEXAS
Statement of Functional Expenses - Club
For the Year Ended September 30, 2009

	Club				Total
	Program Services	General and Administrative	Fund Raising	Reclassifications and Eliminations	
Accounting	\$ -	\$ 4,556	\$ -		\$ 4,556
Bad debt expense	-	-	17,000		17,000
Bank charges	-	1,644	-		1,644
Board and staff development	-	-	-		-
Charitable gifts	382,592	-	-	(3,500)	379,092
Consulting	6,000	-	-		6,000
Conventions	-	3,834	-		3,834
Cost of sales- gold hearts	-	-	39,469		39,469
Cost of sales- obsolete inventory	-	-	50,929		50,929
Depreciation	247	95	38		380
Dues- International	-	5,000	-		5,000
Fundraising	-	-	82,508		82,508
Insurance	-	1,453	-		1,453
Interest	-	3,292	-		3,292
Marketing, advertising, promotion	191	74	29		294
Miscellaneous	38	792	541		1,371
Office	2,542	1,199	411		4,152
Office equipment	876	337	135		1,348
Postage and shipping	456	176	70		702
Printing	552	212	85		849
Rent	7,095	2,729	1,092		10,916
Salaries	45,147	17,364	6,946		69,457
Storage	846	64	25		935
Taxes- payroll	3,893	1,497	599		5,989
Telephone and internet	2,324	894	358		3,576
Travel	1,566	-	-		1,566
Total expenses	<u>\$ 454,365</u>	<u>\$ 45,212</u>	<u>\$ 200,235</u>	<u>\$ (3,500)</u>	<u>\$ 696,312</u>

SCHEDULE V

VARIETY CLUB OF TEXAS - TENT 17
AND VARIETY FOUNDATION OF TEXAS
Statement of Functional Expenses - Foundation
For the Year Ended September 30, 2009

	Foundation			
	Program Services	General and Administrative	Fund Raising	Total
Accounting	\$ -	\$ 3,500	\$ -	\$ 3,500
Charitable gifts	91,840	-	-	91,840
Depreciation-Foundation	15,733	-	-	15,733
Legal fees	-	7,577	-	7,577
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 107,573</u>	<u>\$ 11,077</u>	<u>\$ -</u>	<u>\$ 118,650</u>