

VARIETY – THE CHILDREN’S CHARITY OF IOWA

FINANCIAL REPORT

**YEAR ENDED
SEPTEMBER 30, 2021 AND 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Variety – the Children's Charity of Iowa
Des Moines, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Variety – the Children's Charity of Iowa (a nonprofit organization), which comprise the statements of financial position as of September 30, 2021 and 2020, 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 audits 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 judgment, 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 Iowa as of September 30, 2021 and 2020, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Desmond CPA, PLLC

West Des Moines, Iowa
March 28, 2022

VARIETY - THE CHILDREN'S CHARITY
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,466,748	\$ 1,936,730
Contributions receivable, net of allowance for doubtful accounts 2021 \$7,160; 2020 \$7,706	657,749	796,339
Prepaid expenses	38,785	29,702
Total current assets	\$ 3,163,282	\$ 2,762,771
Interest in assets held by Community Foundation of Greater Des Moines	\$ 1,315,623	\$ 1,069,655
Office equipment, net of accumulated depreciation 2021 \$43,917; 2020 \$87,000	8,405	3,935
	\$ 1,324,028	\$ 1,073,590
Total assets	\$ 4,487,310	\$ 3,836,361

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 25,904	\$ 29,201
Accrued payroll taxes	454	1,666
Deferred revenue	44,250	27,250
Charity grants payable	433,600	998,437
Total current liabilities	\$ 504,208	\$ 1,056,554

NET ASSETS

Without donor restrictions	\$ 2,962,783	\$ 1,905,523
With donor restrictions	1,020,319	874,284
Total net assets	\$ 3,983,102	\$ 2,779,807
Total liabilities and net assets	\$ 4,487,310	\$ 3,836,361

See Notes to Financial Statements.

VARIETY - THE CHILDREN'S CHARITY
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND CONTRIBUTIONS			
SPECIAL EVENTS			
Star Playground	\$ -	\$ 1,388	\$ 1,388
Golf Outings	129,035	12,550	141,585
Polo on the Green	262,158	43,657	305,815
Stag Events	334,211	48,476	382,687
Telethon	2,848,369	104,232	2,952,601
Two Days of Compassion	100,690	122,986	223,676
Other Special Events	105,692	-	105,692
OTHER REVENUES			
Interest	18,545	-	18,545
Other	103,418	52,690	156,108
Change in value of interest of assets held by Community Foundation of Greater Des Moines	229,915	-	229,915
Total amount raised	\$ 4,132,033	\$ 385,979	\$ 4,518,012
Less donor designated funds	(380,000)	-	(380,000)
	\$ 3,752,033	\$ 385,979	\$ 4,138,012
Net assets released from restrictions, satisfaction of donor restrictions	239,944	(239,944)	-
Net revenue, contributions and assets released from restrictions	\$ 3,991,977	\$ 146,035	\$ 4,138,012
CHARITY GRANTS			
Charity grants	\$ 2,290,803	\$ -	\$ 2,290,803
Less donor designated funds	(380,000)	-	(380,000)
	\$ 1,910,803	\$ -	\$ 1,910,803
SPECIAL EVENTS - DIRECT EXPENSES			
Golf Outings	28,060	-	28,060
Polo on the Green	90,663	-	90,663
Stag Events	80,995	-	80,995
Telethon	112,172	-	112,172
Two Days of Compassion	22,643	-	22,643
Other Special Events	6,665	-	6,665
OTHER EXPENSES			
Program Services	295,245	-	295,245
Administrative	150,982	-	150,982
Fundraising	236,489	-	236,489
Total charity grants and expenses	\$ 2,934,717	\$ -	\$ 2,934,717
CHANGE IN NET ASSETS	\$ 1,057,260	\$ 146,035	\$ 1,203,295
NET ASSETS, beginning	1,905,523	874,284	2,779,807
NET ASSETS, ending	\$ 2,962,783	\$ 1,020,319	\$ 3,983,102

See Notes to Financial Statements.

VARIETY - THE CHILDREN'S CHARITY
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND CONTRIBUTIONS			
SPECIAL EVENTS			
Star Playground	\$ -	\$ 260,052	\$ 260,052
Black Tie Dinner	116,787	-	116,787
Golf Outings	123,177	-	123,177
Polo on the Green	136,392	99,725	236,117
Stag Events	166,453	4,700	171,153
Telethon	2,562,640	160,547	2,723,187
Two Days of Compassion	72,898	118,117	191,015
Other Special Events	151,035	-	151,035
OTHER REVENUES			
Interest	25,039	-	25,039
Jody Reynolds memorials	-	11,025	11,025
Other	60,339	54,821	115,160
PPP loan forgiveness	79,983	-	79,983
Change in value of interest of assets held by Community Foundation of Greater Des Moines	31,277	-	31,277
Total amount raised	\$ 3,526,020	\$ 708,987	\$ 4,235,007
Less donor designated funds	(212,500)	-	(212,500)
	\$ 3,313,520	\$ 708,987	\$ 4,022,507
Net assets released from restrictions, satisfaction of donor restrictions	1,093,259	(1,093,259)	-
Net revenue, contributions and assets released from restrictions	\$ 4,406,779	\$ (384,272)	\$ 4,022,507
CHARITY GRANTS			
Charity grants	\$ 3,130,931	\$ -	\$ 3,130,931
Less donor designated funds	(212,500)	-	(212,500)
	\$ 2,918,431	\$ -	\$ 2,918,431
SPECIAL EVENTS - DIRECT EXPENSES			
Black Tie Dinner	39,428	-	39,428
Golf Outings	26,931	-	26,931
Polo on the Green	6,626	-	6,626
Stag Events	21,553	-	21,553
Telethon	216,758	-	216,758
Two Days of Compassion	25,645	-	25,645
Other Special Events	2,222	-	2,222
OTHER EXPENSES			
Program Services	215,632	-	215,632
Administrative	184,777	-	184,777
Fundraising	300,829	-	300,829
Total charity grants and expenses	\$ 3,958,832	\$ -	\$ 3,958,832
CHANGE IN NET ASSETS	\$ 447,947	\$ (384,272)	\$ 63,675
NET ASSETS, beginning	1,457,576	1,258,556	2,716,132
NET ASSETS, ending	\$ 1,905,523	\$ 874,284	\$ 2,779,807

See Notes to Financial Statements.

VARIETY - THE CHILDREN'S CHARITY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2021

	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Charity grants, less designated funds	\$ 2,290,803	\$ -	\$ -	\$ 2,290,803
Special events - direct expenses	\$ -	\$ -	\$ 341,198	\$ 341,198
Expenses:				
Salaries, payroll taxes and benefits	\$ 230,964	\$ 96,488	\$ 189,959	\$ 517,411
International dues	-	30,860	-	30,860
Professional fees	3,013	1,259	2,478	6,750
Supplies	999	336	662	1,997
Telephone and internet	2,418	1,010	1,988	5,416
Postage and shipping	631	243	479	1,353
Office and occupancy	24,451	9,789	19,273	53,513
Equipment rental and maintenance	4,294	1,794	3,532	9,620
Printing and publications	935	290	571	1,796
Travel	3,145	566	1,114	4,825
Conferences and meetings	639	256	504	1,399
Depreciation	1,605	670	1,320	3,595
Insurance	3,994	1,668	3,285	8,947
Marketing	10,948	4,574	9,004	24,526
Other	7,209	1,179	2,320	10,708
	<u>\$ 295,245</u>	<u>\$ 150,982</u>	<u>\$ 236,489</u>	<u>\$ 682,716</u>
	<u>\$ 2,586,048</u>	<u>\$ 150,982</u>	<u>\$ 577,687</u>	<u>\$ 3,314,717</u>

See Notes to Financial Statements.

VARIETY - THE CHILDREN'S CHARITY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020

	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Charity grants, less designated funds	\$ 2,918,431	\$ -	\$ -	\$ 2,918,431
Special events - direct expenses	\$ -	\$ -	\$ 339,163	\$ 339,163
Expenses:				
Salaries, payroll taxes and benefits	\$ 162,671	\$ 114,449	\$ 226,944	\$ 504,064
International dues	-	33,068	-	33,068
Professional fees	8,890	6,255	12,403	27,548
Supplies	495	348	691	1,534
Telephone and internet	2,137	1,504	2,982	6,623
Postage and shipping	592	416	825	1,833
Office and occupancy	16,843	11,850	23,497	52,190
Equipment rental and maintenance	4,772	3,358	6,658	14,788
Printing and publications	424	299	592	1,315
Travel	504	354	703	1,561
Conferences and meetings	848	596	1,182	2,626
Depreciation	967	680	1,349	2,996
Insurance	2,489	1,751	3,472	7,712
Marketing	11,768	8,279	16,418	36,465
Other	2,232	1,570	3,113	6,915
	<u>\$ 215,632</u>	<u>\$ 184,777</u>	<u>\$ 300,829</u>	<u>\$ 701,238</u>
	<u>\$ 3,134,063</u>	<u>\$ 184,777</u>	<u>\$ 639,992</u>	<u>\$ 3,958,832</u>

See Notes to Financial Statements.

VARIETY - THE CHILDREN'S CHARITY
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,203,295	\$ 63,675
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,595	2,996
Change in value of interest in assets held by Community Foundation of Greater Des Moines	(245,029)	(46,665)
Change in assets and liabilities:		
Contributions receivable	138,590	(147,294)
Prepaid expenses	(9,083)	51,092
Accounts payable	(3,297)	(65,322)
Accrued payroll taxes	(1,212)	1,666
Deferred revenue	17,000	16,728
Charity grants payable	(564,837)	122,658
Net cash provided by (used in) operating activities	\$ 539,022	\$ (466)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	\$ (8,065)	\$ -
Transfers to Community Foundation of Greater Des Moines	(939)	(126,149)
Net cash (used in) investing activities	\$ (9,004)	\$ (126,149)
 Increase (decrease) in cash and cash equivalents	 \$ 530,018	 \$ (126,615)
Cash and cash equivalents at beginning of year	1,936,730	2,063,345
Cash and cash equivalents at end of year	\$ 2,466,748	\$ 1,936,730

See Notes to Financial Statements.

VARIETY – THE CHILDREN’S CHARITY OF IOWA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

Note 1. Nature of Activities and Significant Accounting Policies

Nature of organization:

Variety - the Children’s Charity of Iowa (Variety) is organized to raise, manage, and administer contributions for other nonprofit and charitable organizations, thereby enhancing and benefiting services to the children of Iowa. Variety is affiliated with Variety International, and Variety’s main event is an annual telethon. Variety receives most of its revenue through private, individual, and corporate contributions.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires Variety’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses including functional allocations, during the reporting period. Actual results could differ from those estimates.

Net assets:

The financial statements of Variety have been prepared on the accrual basis of accounting. Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, Variety presents the following categories of revenues and expenses on its statements of activities:

Net assets without donor restrictions:

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Variety. Variety’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions:

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Variety or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and cash equivalents:

Variety considers unrestricted and restricted cash (including certificates of deposits) and highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents for the purpose of the cash flow statement.

Interest in assets held by Community Foundation of Greater Des Moines:

Investments are recorded at fair value. Realized gains/losses and the change in unrealized appreciation on investments are included in net gains/losses on investments and reported as revenue in the statements of activities.

VARIETY – THE CHILDREN’S CHARITY OF IOWA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

Note 1. Nature of Activities and Significant Accounting Policies (*Continued*)

Revenue and Contributions Recognition:

Variety recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a 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.

Variety is occasionally notified that it has been included as a beneficiary in a will. These notifications are considered conditional and are not recorded as a contribution as the individuals retain the ability to modify their wills during their lifetimes. When the probate court declares the will valid, Variety recognizes contribution revenue and a receivable at the fair value of its interest in the estate, unless it is conditioned upon future or uncertain events. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions with donor-imposed restrictions are reported as restricted support unless Variety meets the donor-imposed restriction on all or a portion of the amount contributed in the same reporting period in which the contribution was received. In those cases the contributions, to the extent the restrictions have been met, are reported as support without donor restrictions.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts are recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management’s judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

Variety receives and disburses certain donor-designated funds representing contributions designated by the donor for a specific charity served by Variety. Variety does not have the ability to vary the designation. Donor-designated funds are included in the total amount raised, but excluded from net revenue and contributions.

Many volunteers donate significant amounts of time to the fundraising activities of Variety; however, these donated services are not reflected in the financial statements since their services do not require specialized skills. Donated professional services are reflected in the statements of activities at their fair value. Significant materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values on the date of receipt.

Office equipment:

All acquisitions of equipment in excess of \$1,000 are capitalized. Equipment is stated at cost and depreciated by the straight-line and accelerated methods over the estimated useful lives of the related assets.

Charity grants payable:

Charity grants payable represent the grants that have been authorized by the Board of Directors of Variety to be disbursed to various charities from monies raised through September 30, 2021.

VARIETY – THE CHILDREN’S CHARITY OF IOWA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Statements of functional expenses:

Expenses are attributed to Variety’s primary functions of program services, fundraising and administration based on specific identification where possible. When specific identification is not possible, indirect expenses are allocated to a particular function using time studies and estimates made by management. Program service expenses include the cost to manage certain charitable programs offered by Variety such as the annual charity grants process, Mobility program, Compassion Fund program, and other Variety programs. Fundraising expenses arise from conducting special events and soliciting contributions, gifts and grants. Administrative expenses include expenses that are not directly related to programming or fundraising but still support the overall operation of Variety.

Income tax status and accounting for uncertain tax positions:

Variety is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and annually files a federal return as an exempt organization. Variety has been classified as other than a private foundation by the Internal Revenue Service. As such, Variety owes taxes on “unrelated trade or business” income to the extent that it exceeds expenses attributable to such income. No unrelated trade or business income was generated during the fiscal year by Variety.

Variety has a determination letter from the IRS stating Variety is exempt from income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. Variety has filed a Form 990 tax return in the U.S. federal jurisdiction. Management of Variety believes they have no material uncertain tax positions and, accordingly, will not recognize any liability for unrecognized tax benefits. Any interest and penalty payments would be recorded in separate accounts in the financial statements. Variety is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Liquidity

Variety’s financial assets within one year of the statement of financial position date for general expenditure is \$2,466,748 in cash and cash equivalents and \$657,749 in contributions receivable as of September 30, 2021. In addition, Variety has \$1,315,623 in the Community Foundation of Greater Des Moines which could also be used for operations. As part of Variety’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Variety currently keeps all of its operating resources in short-term cash or cash equivalents.

Note 2. Interest in Assets Held By Community Foundation of Greater Des Moines

Variety has an interest in assets held at the Community Foundation of Greater Des Moines (CFGDM). The assets are invested in CFGDM’s pooled long-term growth portfolio under an investment allocation determined by CFGDM’s Investment Committee. At September 30, 2021, the majority of assets in the long-term growth portfolio were comprised of fixed income securities (16%) and domestic (33%) and international equities (27%). The remaining assets are invested in money markets, real estate investments, private equity investments, and hedge fund of funds investments. Variety may request these assets or the net investment income of these assets at any time from the CFGDM. Distributions are not subject to variance power (i.e., the CFGDM does not have the power to redirect the assets or the net investment income to an entity other than Variety). The realized gains/losses and unrealized appreciation/depreciation on the endowment at September 30, 2021 and 2020 are reflected in net assets without donor restrictions.

VARIETY – THE CHILDREN’S CHARITY OF IOWA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

Note 3. Fair Value Measurements

Fair values of the assets measured on a recurring basis at September 30, 2021 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Interest in assets held by Community Foundation of Greater Des Moines	\$ 1,315,623	-	-	\$ 1,315,623
Total	\$ 1,315,623	-	-	\$ 1,315,623

Fair values of the assets measured on a recurring basis at September 30, 2020 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Interest in assets held by Community Foundation of Greater Des Moines	\$ 1,069,655	-	-	\$ 1,069,655
Total	\$ 1,069,655	-	-	\$ 1,069,655

The makeup of the caption “change in value of interest in assets held by Community Foundation of Greater Des Moines” are the following:

	<u>2021</u>	<u>2020</u>
Net unrealized gains	\$ 159,673	\$ 27,955
Net realized gains	70,242	3,322
	\$ 229,915	\$ 31,277

VARIETY – THE CHILDREN’S CHARITY OF IOWA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

Note 3. Fair Value Measurements (*Continued*)

Variety accounts for its investments and assets held at the CFGDM at fair value. 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 in its principal market or in the absence of a principal market, the most advantageous market for the investment or liability. Variety has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. These levels are as follows:

Level 1 - Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 - Variety does not hold any level 2 assets.

Level 3 - Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques. The fair value of the investment is based on a combination of audited financial statements of the investees and monthly or quarterly statements received from investees.

Assets held by the CFGDM consist of pooled funds invested at CFGDM. Variety holds a share of pooled funds and not direct ownership of the underlying investments. Although the pooled funds include equity, fixed income, and other marketable securities, the pool itself is not a publicly traded instrument. The fair value of Variety’s share of the pooled funds at the balance sheet date is based on Variety’s relative ownership in the pool. All funds held at the CFGDM as well as assets held in trust by others are considered Level 3 investments, as there is not direct ownership of the underlying investments. However, the underlying investments in the pooled funds consist of investments that have been measured using Level 1, Level 2 and Level 3 inputs. The CFGDM invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the beneficial interest in each fund at the CFGDM.

VARIETY – THE CHILDREN’S CHARITY OF IOWA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

Note 3. Fair Value Measurements (Continued)

The following table provides a summary of changes in fair value of Variety’s Level 3 funds for the year ended:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 1,069,655	\$ 896,841
Contributions	939	126,149
Interest and dividends	21,310	19,974
Net realized gains	70,242	3,322
Net unrealized gains	159,673	27,955
Investment expenses	(6,196)	(4,586)
Ending balance	<u>\$1,315,623</u>	<u>\$1,069,655</u>

Note 4. Charity Grants Payable

As of September 30, 2021, charity grants payable consists of:

The Bridge of Storm Lake	\$ 40,000
Children’s Square USA	31,618
ChildServe	200,000
Hand in Hand	45,000
Starts Right Here	45,000
Whatsoever You Do	40,000
YSS Francis Lauer	31,982
	<u>\$ 433,600</u>

As of September 30, 2020, charity grants payable consists of:

Blank Children’s Hospital	\$ 120,000
ChildServe	200,000
Mary Greeley Medical Center	121,000
MercyOne – Des Moines	120,000
Other	20,945
Pursuit of Innovation	100,000
Riverview Playground	276,490
Willkie House	40,002
	<u>\$ 998,437</u>

VARIETY – THE CHILDREN’S CHARITY OF IOWA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

Note 5. PPP Note Payable

Variety received a PPP (Paycheck Protection Program) loan from the bank as part of the Small Business Administration Loan program in the amount of \$79,983 on April 20, 2020 maturing on April 20, 2022 with interest at 1% per annum. On December 1, 2020, the loan was forgiven by SBA and the Bank. The PPP loan forgiveness was included as other revenue for the year ended September 30, 2020.

Note 6. Commitments

Variety leases office space in Des Moines for \$3,372 per month on a month-to-month basis. In addition, Variety maintains office space in Cedar Rapids under a lease expiring on September 30, 2022 with a commitment of \$10,507 for the year ended September 30, 2021. Rent expense was \$50,456 and \$49,366 for the years ended September 30, 2021 and 2020, respectively.

Variety has a grant agreement with ChildServe to pay \$200,000 in December 2021, \$200,000 in December 2022, and \$200,000 in December 2023 for the construction of a dedicated behavioral health clinic. This grant is contingent on Variety raising adequate funds each year to pay that year's commitment. If Variety does not raise adequate funds, the grant for that year will not be paid. In addition, if Variety becomes insolvent, the unpaid grant amount will be extinguished. Because this is deemed to be a contingent grant, the amounts to be paid in future years are not recorded in the financial statements of Variety until the contingency is met. During fiscal year 2021, Variety met the conditions required for the December 2022 payment and has accrued the payable in the financial statements as of September 30, 2021.

Note 7. Net Assets

Without donor restrictions net assets are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Without donor restrictions	\$1,647,160	\$835,868
Board designated endowment	1,315,623	1,069,655
	<u>\$2,962,783</u>	<u>\$1,905,523</u>

With donor restrictions net assets are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Mobility Program	\$ 256,270	\$ 212,352
Variety Star Playgrounds	110,313	108,925
Compassion Funds	463,339	382,660
Jody Reynolds Memorial	170,347	170,347
Other	20,050	-
	<u>\$ 1,020,319</u>	<u>\$ 874,284</u>

VARIETY – THE CHILDREN’S CHARITY OF IOWA
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Note 8. Defined Contribution Retirement Plan

Variety has a salary deferral retirement plan. The plan allows eligible employees to defer a portion of their compensation up to the maximum allowed by law. Variety matches a portion of the employee’s contribution up to 4 percent of eligible wages. Total expense recorded for Variety’s match was \$16,040 and \$16,284 for the years ended September 30, 2021 and 2020, respectively.

Note 9. Major Contributors

Contributions include amounts from one major contributor totaling approximately \$477,935 and \$394,131 for the years ended September 30, 2021 and 2020, respectively. Major contributors are those contributors whose contributions for the year exceeded 10 percent of total revenue and contributions.

Note 10. Concentrations of Credit Risk

Variety maintains cash and cash equivalents in financial institutions in excess of FDIC insurance coverage limits. Variety has not experienced any losses in such accounts.

Note 11. Endowment Funds

The Board of Directors of Variety created a fund to function as an endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of Variety has interpreted the Iowa Prudent Management of Institutional Funds Act (IPMIFA) as requiring the preservation of the historic value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. In accordance with IPMIFA, 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.

Investment Return Objectives, Risk Parameters and Strategies. Variety has invested its assets in a pooled investment fund maintained by the CFGDM. The CFGDM and its Board of Directors have adopted a Statement of Investment Policy providing direction for the investment of funds. The CFGDM’s underlying investment policy objective is to achieve long-term asset appreciation through a diversified mix of asset classes, managed within prudent risk parameters so as not to expose the fund to unacceptable levels of risk.

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Note 11. Endowment Funds (Continued)

Spending Policy. At this time, Variety has not established a spending policy as it relates to its board designated endowment fund. Variety’s intent is to grow the board designated endowment to the point that it generates enough income to cover the annual operating needs of Variety. The endowment net asset composition by type of fund as of September 30, 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Endowment net assets, beginning of year	<u>\$ 1,069,655</u>	<u>\$ 896,841</u>
Investment return:		
Investment income	21,310	19,974
Realized and unrealized gains on investments	<u>229,915</u>	<u>31,277</u>
Total investment return	<u>251,225</u>	<u>51,251</u>
Contributions	<u>939</u>	<u>126,149</u>
Expenses	<u>(6,196)</u>	<u>(4,586)</u>
Endowment assets, end of year	<u><u>\$ 1,315,623</u></u>	<u><u>\$ 1,069,655</u></u>

Note 12. Subsequent Events

Management has evaluated subsequent events through March 28, 2022, the date on which the financial statements were available to be issued.