

**Variety - The Children's Charity of Iowa
Des Moines, Iowa**

FINANCIAL REPORT

September 30, 2025 and 2024

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	3-4
FINANCIAL STATEMENTS	
Statements of financial position	5
Statements of activities	6
Statements of functional expenses	7
Statements of cash flows	8
Notes to financial statements	9-15

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Variety - The Children's Charity of Iowa
Des Moines, Iowa

Opinion

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, 2025 and 2024, 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 Iowa as of September 30, 2025 and 2024, 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 Iowa 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 the 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 Iowa'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 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 Iowa'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 Iowa'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.

Denman CPA LLP
Denman CPA LLP

West Des Moines, Iowa
December 18, 2025

Variety - The Children's Charity of Iowa
STATEMENTS OF FINANCIAL POSITION

		September 30	
		2025	2024
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$	273,618	\$ 785,427
Certificates of deposit		1,600,000	2,037,472
Contributions receivable, net of allowance of uncollectible pledges 2025 \$21,650; 2024 \$24,550		502,564	466,738
Prepaid expenses		276,582	62,741
Total current assets		<u>2,652,764</u>	<u>3,352,378</u>
NONCURRENT ASSETS			
Interest in assets held by community foundations		4,208,160	3,676,045
Property and equipment, net		17,952	13,525
Operating lease right-of-use assets		50,936	-
Total noncurrent assets		<u>4,277,048</u>	<u>3,689,570</u>
Total assets		<u>\$ 6,929,812</u>	<u>\$ 7,041,948</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$	50,659	\$ 87,122
Accrued payroll taxes		229	10,672
Deferred revenue		14,611	72,735
Charity grants payable		120,406	1,638,549
Operating lease liabilities, current portion		48,880	-
Total current liabilities		<u>234,785</u>	<u>1,809,078</u>
NONCURRENT LIABILITIES			
Operating lease liabilities, noncurrent portion		1,943	-
Total liabilities		<u>236,728</u>	<u>1,809,078</u>
NET ASSETS			
Without donor restrictions		5,834,069	4,192,559
With donor restrictions		859,015	1,040,311
Total net assets		<u>6,693,084</u>	<u>5,232,870</u>
Total liabilities and net assets		<u>\$ 6,929,812</u>	<u>\$ 7,041,948</u>

See Notes to Financial Statements.

Variety - The Children's Charity of Iowa
STATEMENTS OF ACTIVITIES

	Year ended September 30, 2025			Year ended September 30, 2024		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
REVENUE AND CONTRIBUTIONS						
SPECIAL EVENTS						
Annual Telethon Campaign	\$ 2,561,611	\$ 762,960	\$ 3,324,571	\$ 3,162,801	\$ 133,037	\$ 3,295,838
Golf outings	185,689	50,450	236,139	112,038	38,500	150,538
Polo on the Green	471,361	70,194	541,555	368,738	45,052	413,790
Stag events	498,434	79,100	577,534	375,841	58,300	434,141
Two Days of Compassion	127,250	110,300	237,550	71,143	140,191	211,334
Other special events	187,370	–	187,370	180,251	1,000	181,251
OTHER REVENUES						
Interest	168,065	–	168,065	202,864	–	202,864
Estate gift	–	–	–	1,196,692	200,000	1,396,692
Other	135,691	6,675	142,366	197,951	59,518	257,469
Realized and unrealized gains from interest in assets held by community foundations	364,081	–	364,081	494,303	–	494,303
Total amount raised	4,699,552	1,079,679	5,779,231	6,362,622	675,598	7,038,220
Less donor designated funds	(30,000)	–	(30,000)	(344,000)	–	(344,000)
Subtotal	4,669,552	1,079,679	5,749,231	6,018,622	675,598	6,694,220
Net assets released from restrictions, satisfaction of donor restrictions	1,260,975	(1,260,975)	–	1,288,965	(1,288,965)	–
Net revenue, contributions and net assets released from restrictions	5,930,527	(181,296)	5,749,231	7,307,587	(613,367)	6,694,220
CHARITY GRANTS AND EXPENSES						
Charity grants	2,823,654	–	2,823,654	5,061,412	–	5,061,412
Less donor designated funds	(30,000)	–	(30,000)	(344,000)	–	(344,000)
	2,793,654	–	2,793,654	4,717,412	–	4,717,412
SPECIAL EVENTS-DIRECT EXPENSES						
Annual Telethon Campaign	96,072	–	96,072	100,634	–	100,634
Golf outings	51,816	–	51,816	36,348	–	36,348
Polo on the Green	126,572	–	126,572	120,888	–	120,888
Stag events	163,193	–	163,193	97,179	–	97,179
Two Days of Compassion	25,466	–	25,466	23,143	–	23,143
Other special events	45,266	–	45,266	35,794	–	35,794
OTHER EXPENSES						
Program services	359,380	–	359,380	482,977	–	482,977
Administrative	235,286	–	235,286	189,062	–	189,062
Fundraising	392,312	–	392,312	418,452	–	418,452
Total charity grants and expenses	4,289,017	–	4,289,017	6,221,889	–	6,221,889
CHANGE IN NET ASSETS	1,641,510	(181,296)	1,460,214	1,085,698	(613,367)	472,331
NET ASSETS, beginning	4,192,559	1,040,311	5,232,870	3,106,861	1,653,678	4,760,539
NET ASSETS, ending	\$ 5,834,069	\$ 859,015	\$ 6,693,084	\$ 4,192,559	\$ 1,040,311	\$ 5,232,870

See Notes to Financial Statements.

Variety - The Children's Charity of Iowa
STATEMENTS OF FUNCTIONAL EXPENSES

	Year ended September 30, 2025				Year ended September 30, 2024			
	Program services	Administrative	Fundraising	Total	Program services	Administrative	Fundraising	Total
Charity grants, less designated funds	\$ 2,793,654	\$ -	\$ -	\$ 2,793,654	\$ 4,717,412	\$ -	\$ -	\$ 4,717,412
Special events – direct expenses	-	-	508,385	508,385	-	-	413,986	413,986
Expenses								
Salaries, payroll taxes and benefits	262,525	147,547	299,823	709,895	348,361	116,125	314,806	779,292
Conferences and meetings	1,003	564	1,146	2,713	1,640	445	1,208	3,293
Depreciation	2,999	1,686	3,425	8,110	3,266	1,089	2,952	7,307
Equipment rental and maintenance	12,899	6,758	13,733	33,390	14,192	4,642	12,584	31,418
Insurance	3,530	1,984	4,031	9,545	4,363	1,455	3,943	9,761
International dues	-	42,223	-	42,223	-	34,705	-	34,705
Marketing	20,937	9,662	19,633	50,232	28,559	6,192	16,785	51,536
Office and occupancy	23,427	13,229	26,882	63,538	26,017	8,673	23,511	58,201
Postage and shipping	806	332	674	1,812	673	185	501	1,359
Printing and publications	409	230	468	1,107	1,411	470	1,275	3,156
Professional fees	7,794	4,381	8,902	21,077	33,760	11,253	30,508	75,521
Supplies	1,756	546	1,111	3,413	3,593	392	1,062	5,047
Telephone and internet	2,392	1,344	2,731	6,467	2,623	874	2,370	5,867
Travel	6,591	518	1,054	8,163	4,770	949	2,574	8,293
Other	12,312	4,282	8,699	25,293	9,749	1,613	4,373	15,735
	<u>359,380</u>	<u>235,286</u>	<u>392,312</u>	<u>986,978</u>	<u>482,977</u>	<u>189,062</u>	<u>418,452</u>	<u>1,090,491</u>
Total	<u>\$ 3,153,034</u>	<u>\$ 235,286</u>	<u>\$ 900,697</u>	<u>\$ 4,289,017</u>	<u>\$ 5,200,389</u>	<u>\$ 189,062</u>	<u>\$ 832,438</u>	<u>\$ 6,221,889</u>

See Notes to Financial Statements.

**Variety - The Children's Charity of Iowa
STATEMENTS OF CASH FLOWS**

	Year ended September 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,460,214	\$ 472,331
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	8,110	7,307
Change in value of interest in assets held by community foundations	(422,683)	(539,231)
Changes in assets and liabilities		
Contributions receivable	(35,826)	265,132
Prepaid expenses	(213,841)	44,016
Accounts payable	(36,463)	50,824
Accrued payroll taxes	(10,443)	2,741
Deferred revenue	(58,124)	54,735
Charity grants payable	(1,518,143)	1,153,149
Operating lease right-of-use assets, net of lease liabilities	(113)	-
Net cash flows from operating activities	(827,312)	1,511,004
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of certificates of deposit	752,900	1,388,671
Purchase of certificates of deposit	(315,428)	(1,243,841)
Purchase of equipment	(12,537)	(10,121)
Transfers to Community Foundation of Greater Des Moines	(109,432)	(1,547,737)
Net cash flows from investing activities	315,503	(1,413,028)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(511,809)	97,976
CASH AND CASH EQUIVALENTS		
Beginning	785,427	687,451
Ending	\$ 273,618	\$ 785,427
NONCASH INVESTING AND FINANCING ACTIVITIES		
Reinvested certificate of deposit interest	\$ 112,979	\$ 133,091

See Notes to Financial Statements.

Variety - The Children's Charity of Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Variety - The Children's Charity of Iowa (Variety) provides funding to qualified agencies throughout Iowa for children who are underprivileged, at risk, critically ill, or living with special needs. Variety provides all-inclusive playgrounds for children of all abilities to play together. Variety partners with Iowa hospitals and rehabilitation centers to assist critically ill children and their families with immediate financial needs. Variety provides bikes, helmets, and locks to children who do not own a bike, as well as specialized bikes and equipment for children living with special needs.

Variety's top-grossing event is an annual telethon campaign. Variety receives the majority 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 net 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 and certificates of deposit 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.

Certificates of Deposit

Variety has multiple certificates of deposit at local banks and are carried at cost, which approximates fair value. These certificates bear interest at rates from 3.65% to 4.21% and have maturity dates through March 2026.

Interest in Assets Held by Community Foundations

Variety has an interest in assets held by community foundations. The underlying investments held by the community foundations are recorded at fair value. Realized and unrealized gains/losses from the interest in assets held by community foundations are reported as revenue in the statements of activities.

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.

Variety - The Children's Charity of Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Variety determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position. Finance leases are included in fixed assets and finance lease liabilities on the statements of financial position. Variety had no finance leases at September 30, 2025 and 2024.

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. ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of Variety's leases do not provide an implicit rate, Variety has elected to use a risk-free discount rate, as measured by the applicable U.S. Treasury instrument at the date of commencement. The ROU assets also include any lease payments made and exclude lease incentives. Variety's lease terms may include options to extend or terminate the lease when it is reasonably certain that Variety will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Variable payments that are not determinable at lease commencement are not included in the measurement of the ROU assets and lease liabilities. These variable payments are recognized as expenses in the period in which the obligation for the related payment is incurred.

Short-term leases (leases with a term of 12 months or less) are recognized as expenses on the straight-line basis over the lease term.

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.

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 is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible pledges is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising 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.

Variety - The Children's Charity of Iowa
NOTES TO FINANCIAL STATEMENTS

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 administrative 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 services 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.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by Variety and recognize a tax liability (or asset) for an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated their material tax positions and determined there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. Variety is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress. Management believes Variety is no longer subject to income tax examinations for years prior to 2021.

NOTE 2 LIQUIDITY AND AVAILABILITY

Variety regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. The following table reflects Variety financial assets as of September 30, 2025 and 2024, which are available to meet general expenditures within one year of the statement of financial position date.

	September 30	
	2025	2024
Cash and cash equivalents	\$ 273,618	\$ 785,427
Certificates of deposit	1,600,000	2,037,472
Contributions receivable	502,564	466,738
Totals	\$ 2,376,182	\$ 3,289,637

Additionally, Variety has an unrestricted, board-designated endowment of \$4,208,160 and \$3,676,045 as of September 30, 2025 and 2024, respectively. Although Variety does not intend to spend from its board-designated endowment, amounts from its board-designated endowment could be made available if necessary.

NOTE 3 INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATIONS

Variety has an interest in assets held by community foundations as follows:

Variety has an interest in assets held by 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. The remaining assets are invested in money markets, real estate investments, private equity investments, and hedge fund investments. Variety may request these assets or the net investment income of these assets at any time from CFGDM. Distributions are not subject to variance power (i.e., CFGDM does not have the power to redirect the assets or the net investment income to an entity other than Variety).

**Variety - The Children's Charity of Iowa
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATIONS (continued)

Variety has an interest in assets held by the Greater Cedar Rapids Community Foundation (GCRCF). The assets are invested in GCRCF's pooled long-term growth portfolio under an investment allocation determined by GCRCF's Investment Committee. The remaining assets are invested in money markets, real estate investments, private equity investments, and hedge fund investments. Variety may request these assets or the net investment income of these assets at any time from GCRCF. Distributions are not subject to variance power (i.e., GCRCF does not have the power to redirect the assets or the net investment income to an entity other than Variety).

The realized and unrealized gains/losses from the interest in assets held by community foundations at September 30, 2025 and 2024 are reflected in net assets without donor restrictions.

The interest in assets held by each community foundation is as follows:

	September 30	
	2025	2024
Community Foundation of Greater Des Moines	\$ 4,183,160	\$ 3,676,045
Greater Cedar Rapids Community Foundation	25,000	-
Total interest in assets held by community foundations	\$ 4,208,160	\$ 3,676,045

NOTE 4 FAIR VALUE MEASUREMENTS

Variety follows the Fair Value Measurements and Disclosures Topic of the *FASB Accounting Standards Codification*, which establishes a framework for measuring fair value and expands disclosures about fair value measurement. 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 hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities, Level 1, and the lowest priority to unobservable inputs, Level 3. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are generally available indirect information, such as quoted prices for identical or similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active. Level 3 inputs are the most subjective, are generally based on management's own assumptions on how knowledgeable parties would price assets or liabilities, and are developed using the best information available in the circumstances.

Following is a description of the valuation methodologies used for Variety's assets measured at fair value. There have been no changes in the methodologies used at September 30, 2025 and 2024:

Interest in assets held by community foundations – Variety holds a share of the pooled funds held by community foundations and not direct ownership of the underlying investments. Although the pooled funds include investments in equity, fixed income, real assets, and other marketable securities, the pool itself is not a publicly traded instrument. Management estimates the fair value of its pooled investments at the statement of financial position date based on its relative ownership interest in the pool. All funds at the community foundations are measured at fair value using the net asset value per share, or its equivalent, practical expedient.

	September 30, 2025		Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
	2025	2024			
Interest in assets held by community foundations	\$ 4,208,160	\$ 3,676,045	None	Daily	None

Variety - The Children's Charity of Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 4 FAIR VALUE MEASUREMENTS (continued)

The composition of the caption "Realized and unrealized gains from interest in assets held by community foundations" on the statements of activities is as follows:

	Year ended September 30	
	2025	2024
Net realized gains	\$ 183,970	\$ 93,723
Net unrealized gains	180,111	400,580
Realized and unrealized gains from interest in assets held by community foundations	<u>\$ 364,081</u>	<u>\$ 494,303</u>

The following table provides a summary of changes in fair value of Variety's interest in assets held by community foundations:

	Year ended September 30	
	2025	2024
Beginning balance	\$ 3,676,045	\$ 1,589,077
Contributions	109,432	1,547,737
Interest and dividends	72,807	56,932
Net realized gains	183,970	93,723
Net unrealized gains	180,111	400,580
Investment expenses	(14,205)	(12,004)
Ending balance	<u>\$ 4,208,160</u>	<u>\$ 3,676,045</u>

NOTE 5 PROPERTY AND EQUIPMENT

Components of property and equipment are as follows:

	September 30	
	2025	2024
Office equipment	\$ 51,716	\$ 43,979
Accumulated depreciation	(33,764)	(30,454)
Property and equipment, net	<u>\$ 17,952</u>	<u>\$ 13,525</u>

NOTE 6 LEASES

Variety has entered into lease agreements for office space and equipment with monthly payments of approximately \$4,000 and \$100, respectively, a weighted average remaining lease term of 1.10 years, and a weighted average discount rate used in the measurement of the lease liabilities of 3.61% at September 30, 2025.

Lease assets in the amount of \$50,936 and \$-0- as of September 30, 2025 and 2024, respectively, are reported as operating lease right-of-use assets and lease liabilities of \$50,823 and \$-0- as of September 30, 2025 and 2024, respectively, are reported as operating lease liabilities on the statements of financial position.

During the years ended September 30, 2025 and 2024, cash paid for amounts included in the measurement of operating leases was \$49,771 and \$-0-, respectively, and lease assets obtained in exchange for lease liabilities were \$99,983 and \$-0-, respectively.

Total lease cost for the years ended September 30, 2025 and 2024 was \$60,505 (including \$49,771 of operating lease cost and \$10,734 of variable and short-term lease cost) and \$54,224 (including \$-0- of operating lease cost and \$54,224 of variable and short-term lease cost), respectively.

Variety - The Children's Charity of Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 6 LEASES (continued)

The following table outlines maturities of Variety's operating lease liabilities as of September 30, 2025:

<u>Year ending September 30</u>	
2026	\$ 49,771
2027	1,333
2028	666
Total lease payments	<u>51,770</u>
Less imputed interest	<u>947</u>
Total operating lease liabilities	<u>\$ 50,823</u>

NOTE 7 CHARITY GRANTS PAYABLE

Charity grants payable consist of the following:

	<u>September 30</u>	
	<u>2025</u>	<u>2024</u>
ChildServe Foundation	\$ 92,965	\$ 193,185
City of Clive Greenbelt Star Playground	-	679,903
Ellipsis	-	500,000
Youth & Shelter Services, Inc. (YSS)	-	250,000
Other	<u>27,441</u>	<u>15,461</u>
Totals	<u>\$ 120,406</u>	<u>\$ 1,638,549</u>

NOTE 8 COMMITMENTS

Variety has a \$150,000 grant agreement with Starts Right Here that is to be paid in two annual installments of \$75,000 for 2025 and 2026 for the construction costs for the Starts Right Here School expansion. The grant is contingent on Variety's receipt of vendor invoices from Starts Right Here. In addition, if Variety becomes insolvent, the unpaid grant amount will be extinguished. Because this is determined to be a contingent grant, the amounts to be paid in future years are not recorded on the financial statements of Variety until the contingency is met. During the years ended September 30, 2025 and 2024, the conditions were not met and Variety did not make any payments in either year. The payments will be accrued as the conditions are met.

NOTE 9 NET ASSETS

Net assets without donor restrictions are available for the following purposes:

	<u>September 30</u>	
	<u>2025</u>	<u>2024</u>
Without donor restrictions	\$ 1,625,909	\$ 516,514
Board designated endowment	<u>4,208,160</u>	<u>3,676,045</u>
Total net assets without donor restrictions	<u>\$ 5,834,069</u>	<u>\$ 4,192,559</u>

Net assets with donor restrictions are available for the following purposes:

	<u>September 30</u>	
	<u>2025</u>	<u>2024</u>
Mobility Program	\$ 342,163	\$ 405,706
Variety Star Playground	350,421	377,175
Compassion Funds	<u>166,431</u>	<u>257,430</u>
Total net assets with donor restrictions	<u>\$ 859,015</u>	<u>\$ 1,040,311</u>

Variety - The Children's Charity of Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 10 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 \$20,539 and \$20,023 for the years ended September 30, 2025 and 2024, respectively.

NOTE 11 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 12 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 community foundations. The community foundations and their Boards of Directors have adopted investment policies providing direction for the investment of funds. The community foundations' 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.

Spending Policy - Variety has 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, 2025 and 2024 was as follows:

	Year ended September 30	
	2025	2024
Endowment net assets, beginning of year	\$ 3,676,045	\$ 1,589,077
Investment return		
Investment income	72,807	56,932
Realized and unrealized gains on investments	364,081	494,303
Total investment return	436,888	551,235
Contributions	109,432	1,547,737
Expenses	(14,205)	(12,004)
Endowment net assets, end of year	\$ 4,208,160	\$ 3,676,045

NOTE 13 SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 18, 2025, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.