

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

FINANCIAL REPORT

September 30, 2024 and 2023

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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, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Variety - The Children's Charity of Iowa as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Variety - The Children's Charity of 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
December 16, 2024

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

	September 30	
	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 785,427	\$ 687,451
Certificates of deposit	2,037,472	2,182,302
Contributions receivable, net of allowance of uncollectible pledges 2024 \$24,550; 2023 \$12,843	466,738	731,870
Prepaid expenses	62,741	106,757
Total current assets	<u>3,352,378</u>	<u>3,708,380</u>
NONCURRENT ASSETS		
Interest in assets held by Community Foundation of Greater Des Moines	<u>3,676,045</u>	<u>1,589,077</u>
PROPERTY AND EQUIPMENT		
Office equipment, net of accumulated depreciation 2024 \$30,454; 2023 \$30,922	<u>13,525</u>	<u>10,711</u>
Total assets	<u><u>\$ 7,041,948</u></u>	<u><u>\$ 5,308,168</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 87,122	\$ 36,298
Accrued payroll taxes	10,672	7,931
Deferred revenue	72,735	18,000
Charity grants payable	1,638,549	485,400
Total current liabilities	<u>1,809,078</u>	<u>547,629</u>
NET ASSETS		
Without donor restrictions	4,192,559	3,106,861
With donor restrictions	1,040,311	1,653,678
Total net assets	<u>5,232,870</u>	<u>4,760,539</u>
Total liabilities and net assets	<u><u>\$ 7,041,948</u></u>	<u><u>\$ 5,308,168</u></u>

See Notes to Financial Statements.

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

	Year ended September 30, 2024			Year ended September 30, 2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
REVENUE AND CONTRIBUTIONS						
SPECIAL EVENTS						
Annual Telethon Campaign	\$ 3,162,801	\$ 133,037	\$ 3,295,838	\$ 2,572,141	\$ 432,545	\$ 3,004,686
Golf outings	112,038	38,500	150,538	129,619	32,250	161,869
Polo on the Green	368,738	45,052	413,790	288,641	51,795	340,436
Stag events	375,841	58,300	434,141	408,219	69,000	477,219
Two Days of Compassion	71,143	140,191	211,334	81,337	118,935	200,272
Other special events	180,251	1,000	181,251	151,082	—	151,082
OTHER REVENUES						
Interest	202,864	—	202,864	132,049	—	132,049
Estate gift	1,196,692	200,000	1,396,692	—	—	—
Other	197,951	59,518	257,469	151,733	80,301	232,034
Realized and unrealized gains from interest in assets held by Community Foundation of Greater Des Moines	494,303	—	494,303	158,932	—	158,932
Total amount raised	6,362,622	675,598	7,038,220	4,073,753	784,826	4,858,579
Less donor designated funds	(344,000)	—	(344,000)	(160,000)	—	(160,000)
	6,018,622	675,598	6,694,220	3,913,753	784,826	4,698,579
Net assets released from restrictions, satisfaction of donor restrictions	1,288,965	(1,288,965)	—	332,362	(332,362)	—
Net revenue, contributions and assets released from restrictions	7,307,587	(613,367)	6,694,220	4,246,115	452,464	4,698,579
CHARITY GRANTS AND EXPENSES						
Charity grants	5,061,412	—	5,061,412	3,249,214	—	3,249,214
Less donor designated funds	(344,000)	—	(344,000)	(160,000)	—	(160,000)
	4,717,412	—	4,717,412	3,089,214	—	3,089,214
SPECIAL EVENTS-DIRECT EXPENSES						
Annual Telethon Campaign	100,634	—	100,634	77,436	—	77,436
Golf outings	36,348	—	36,348	34,635	—	34,635
Polo on the Green	120,888	—	120,888	122,827	—	122,827
Stag events	97,179	—	97,179	121,272	—	121,272
Two Days of Compassion	23,143	—	23,143	22,063	—	22,063
Other special events	35,794	—	35,794	29,981	—	29,981
OTHER EXPENSES						
Program services	482,977	—	482,977	356,424	—	356,424
Administrative	189,062	—	189,062	164,668	—	164,668
Fundraising	418,452	—	418,452	292,697	—	292,697
Total charity grants and expenses	6,221,889	—	6,221,889	4,311,217	—	4,311,217
CHANGE IN NET ASSETS	1,085,698	(613,367)	472,331	(65,102)	452,464	387,362
NET ASSETS , beginning	3,106,861	1,653,678	4,760,539	3,171,963	1,201,214	4,373,177
NET ASSETS , ending	\$ 4,192,559	\$ 1,040,311	\$ 5,232,870	\$ 3,106,861	\$ 1,653,678	\$ 4,760,539

See Notes to Financial Statements.

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

	Year ended September 30, 2024				Year ended September 30, 2023			
	<u>Program services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Charity grants, less designated funds	\$ 4,717,412	\$ —	\$ —	\$ 4,717,412	\$ 3,089,214	\$ —	\$ —	\$ 3,089,214
Special events – direct expenses	—	—	413,986	413,986	—	—	408,214	408,214
Expenses								
Salaries, payroll taxes and benefits	348,361	116,125	314,806	779,292	253,629	98,770	216,201	568,600
International dues	—	34,705	—	34,705	—	30,952	—	30,952
Professional fees	33,760	11,253	30,508	75,521	20,310	7,909	17,313	45,532
Supplies	3,593	392	1,062	5,047	1,822	624	1,365	3,811
Telephone and internet	2,623	874	2,370	5,867	2,710	1,055	2,310	6,075
Postage and shipping	673	185	501	1,359	1,923	361	790	3,074
Office and occupancy	26,017	8,673	23,511	58,201	25,485	9,925	21,724	57,134
Equipment rental and maintenance	14,192	4,642	12,584	31,418	6,370	2,481	5,430	14,281
Printing and publications	1,411	470	1,275	3,156	758	292	639	1,689
Travel	4,770	949	2,574	8,293	2,699	1,009	2,210	5,918
Conferences and meetings	1,640	445	1,208	3,293	1,305	508	1,112	2,925
Depreciation	3,266	1,089	2,952	7,307	2,363	920	2,014	5,297
Insurance	4,363	1,455	3,943	9,761	3,150	1,227	2,685	7,062
Marketing	28,559	6,192	16,785	51,536	22,696	5,927	12,974	41,597
Other	9,749	1,613	4,373	15,735	11,204	2,708	5,930	19,842
	<u>482,977</u>	<u>189,062</u>	<u>418,452</u>	<u>1,090,491</u>	<u>356,424</u>	<u>164,668</u>	<u>292,697</u>	<u>813,789</u>
Total	<u>\$ 5,200,389</u>	<u>\$ 189,062</u>	<u>\$ 832,438</u>	<u>\$ 6,221,889</u>	<u>\$ 3,445,638</u>	<u>\$ 164,668</u>	<u>\$ 700,911</u>	<u>\$ 4,311,217</u>

See Notes to Financial Statements.

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

	Year ended September 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 472,331	\$ 387,362
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	7,307	5,297
Change in value of interest, in assets held by Community Foundation of Greater Des Moines	(539,231)	(185,636)
Changes in assets and liabilities		
Contributions receivable	265,132	18,745
Prepaid expenses	44,016	(38,076)
Accounts payable	50,824	(17,055)
Accrued payroll taxes	2,741	7,931
Deferred revenue	54,735	(19,000)
Charity grants payable	1,153,149	(124,600)
Net cash flows from operating activities	<u>1,511,004</u>	<u>34,968</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of certificates of deposit	1,388,671	509,174
Purchase of certificates of deposit	(1,243,841)	(1,691,476)
Purchase of equipment	(10,121)	(4,044)
Transfers to Community Foundation of Greater Des Moines	(1,547,737)	(21,432)
Net cash flows from investing activities	<u>(1,413,028)</u>	<u>(1,207,778)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	97,976	(1,172,810)
CASH AND CASH EQUIVALENTS		
Beginning	<u>687,451</u>	<u>1,860,261</u>
Ending	<u>\$ 785,427</u>	<u>\$ 687,451</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Reinvested certificate of deposit interest	<u>\$ 133,091</u>	<u>\$ 30,140</u>

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 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.

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 4.85% to 5.00% and have maturity dates through July, 2025.

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

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 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.

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.

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.

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 lease liabilities on the statements of financial position. Finance leases are included in property and equipment and finance lease liabilities on the statements of financial position. Variety had no operating or finance leases at September 30, 2024 and 2023.

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, and any related variable lease payments are recognized in the period in which the obligation for the payment is incurred.

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 follows the accounting for uncertainty in income tax requirements of the Income Taxes Topic of the FASB Accounting Standards Codification. Management has evaluated their material tax positions and determined no income tax effects with respect to the financial statements. Variety is no longer subject to U.S. federal or state income tax examinations by tax authorities for the years before 2020. Variety has not been notified of any impending examinations by tax authorities, and no examinations are in process.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. The certificates of deposit were reclassified from cash and cash equivalents to a separate line item.

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, 2024 and 2023 which are available to meet general expenditures within one year of the statement of financial position date.

	September 30	
	2024	2023
Cash and cash equivalents	\$ 785,427	\$ 687,451
Certificates of deposit	2,037,472	2,182,302
Contributions receivable	466,738	731,870
	<u>\$ 3,289,637</u>	<u>\$ 3,601,623</u>

Additionally, Variety has an unrestricted, board-designated endowment of \$3,676,045. and \$1,589,077 as of September 30, 2024 and 2023, respectively. Although the Foundation does not intend to spend from its board-designated endowment, amounts from its board-designated endowment could be made available if necessary.

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

NOTE 3 INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION OF GREATER DES MOINES

Variety has an interest in assets held at 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). The realized gains/losses and unrealized appreciation/depreciation on the endowment at September 30, 2024 and 2023, are reflected in net assets without donor restrictions.

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 investments measured at fair value. There have been no changes in the methodologies used at September 30, 2024 and 2023:

Beneficial interest in assets held by Community Foundation of Greater Des Moines – Variety holds a share of the pooled funds held by Community Foundation of Greater Des Moines 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 Community Foundation of Greater Des Moines are measured at fair value using the net asset value per share, or its equivalent practical expedient.

	<u>September 30, 2024</u>		<u>Unfunded commitments</u>	<u>Redemption frequency (if currently eligible)</u>	<u>Redemption notice period</u>
	<u>2024</u>	<u>2023</u>			
Beneficial interest in assets held by Community Foundation of Greater Des Moines	<u>\$ 3,676,045</u>	<u>\$ 1,589,077</u>	None	Daily	None

The makeup of the caption "Realized and unrealized gains from interest in assets held by Community Foundation of Greater Des Moines" are the following:

	<u>Year ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Net unrealized gains	\$ 400,580	\$ 149,249
Net realized gains	<u>93,723</u>	<u>9,683</u>
	<u>\$ 494,303</u>	<u>\$ 158,932</u>

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

NOTE 4 FAIR VALUE MEASUREMENTS (continued)

The following table provides a summary of changes in fair value of Variety's interest in assets held by Community Foundation of Greater Des Moines:

	Year ended September 30	
	2024	2023
Beginning balance	\$ 1,589,077	\$ 1,382,009
Contributions	1,547,737	21,432
Interest and dividends	56,932	34,418
Net realized gains	93,723	9,683
Net unrealized gains	400,580	149,249
Investment expenses	<u>(12,004)</u>	<u>(7,714)</u>
Ending balance	<u>\$ 3,676,045</u>	<u>\$ 1,589,077</u>

NOTE 5 CHARITY GRANTS PAYABLE

Charity grants payable consist of the following:

	September 30	
	2024	2023
The Bridge of Storm Lake	\$ —	\$ 40,000
ChildServe Foundation	193,185	—
Des Moines Refugee Support	—	5,000
Ellipsis	500,000	—
Starts Right Here	—	35,000
Whatsoever You Do	—	40,000
Youth & Shelter Services, Inc. (YSS)	250,000	250,000
YWCA Clinton	—	39,000
Sanford Center	—	36,400
Crittenton Center	—	30,000
Mercy Medical Center	—	1,000
City of Clive Greenbelt Star Playground	679,903	—
Other	<u>15,461</u>	<u>9,000</u>
	<u>\$ 1,638,549</u>	<u>\$ 485,400</u>

NOTE 6 COMMITMENTS

Variety leases office space in Des Moines for \$3,627 per month on a month-to-month basis. In addition, Variety maintains office space in Cedar Rapids under a lease expiring on September 30, 2024 with an annual cost of approximately \$10,500. Rent expense was \$61,575 and \$58,395 for the years ended September 30, 2024 and 2023, respectively.

Variety has a \$1 million grant agreement with YSS to be paid in four annual installments of \$250,000 from 2022 through 2025 for the construction of the Ember Youth Recovery Campus. 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 years ended September 30, 2024 and 2023, Variety met the conditions and made payments of \$250,000 each year. The payment due in 2025 has been accrued as of September 30, 2024 as the conditions had been met.

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

NOTE 6 COMMITMENTS (continued)

Variety has a \$1 million grant agreement with ChildServe Foundation to be paid in installments of \$713,850 in 2024, \$193,185 in 2025, and \$92,965 in 2026. This grant is for the construction of the new Des Moines' ChildServe Center. 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 year ended September 30, 2024, Variety met the conditions and made the \$713,850 payment. The payment due in 2025 has been accrued as of September 30, 2024 as the conditions had been met. The final payment due in 2026 will be recognized when the contingency is met.

Variety has a \$500,000 grant agreement with Ellipsis to be paid in two annual installments of \$250,000 in 2024 and 2025 for the construction of the Ellipsis' Girls Center. 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. During year ended September 30, 2024, Variety met the conditions for both payments, so the entire grant amount has been accrued as of September 30, 2024.

Variety entered into a two year lease agreement for office space effective October 1, 2024 and ending September 30, 2026. Under the terms of the agreement, Variety owes an annual gross rent of \$48,438 to be paid in equal monthly installments.

NOTE 7 NET ASSETS

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

	September 30	
	2024	2023
Without donor restrictions	\$ 516,514	\$ 1,517,784
Board designated endowment	3,676,045	1,589,077
	<u>\$ 4,192,559</u>	<u>\$ 3,106,861</u>

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

	September 30	
	2024	2023
Mobility Program	\$ 405,706	\$ 311,701
Variety Star Playground	377,175	1,079,798
Compassion Funds	257,430	262,179
	<u>\$ 1,040,311</u>	<u>\$ 1,653,678</u>

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 \$20,023 and \$16,809 for the years ended September 30, 2024 and 2023, respectively.

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

NOTE 9 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 10 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 accumulated 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 CFGDM. CFGDM and its Board of Directors have adopted a Statement of Investment Policy providing direction for the investment of funds. 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.

Spending Policy

At this time, 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, 2024 and 2023 was as follows:

	Year ended September 30	
	2024	2023
Endowment net assets, beginning of year	\$ 1,589,077	\$ 1,382,009
Investment return		
Investment income	56,932	34,418
Realized and unrealized gains on investments	494,303	158,932
Total investment return	551,235	193,350
Contributions	1,547,737	21,432
Expenses	(12,004)	(7,714)
Endowment net assets, end of year	\$ 3,676,045	\$ 1,589,077

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

NOTE 11 SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 16, 2024, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.