

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

FINANCIAL REPORT

September 30, 2023 and 2022

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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 statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses and cash flows for the year 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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of Variety – The Children's Charity of Iowa as of September 30, 2022, were audited by other auditors whose report dated January 31, 2023 expressed an unmodified opinion on those financial statements.

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, including omissions, 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

West Des Moines, Iowa
December 18, 2023

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

	September 30	
ASSETS	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$2,869,753	\$2,860,261
Contributions receivable, net of allowance of doubtful accounts 2023 \$12,843; 2022 \$5,989	731,870	750,615
Prepaid expenses	<u>106,757</u>	<u>68,681</u>
Total current assets	<u>3,708,380</u>	<u>3,679,557</u>
NONCURRENT ASSETS		
Interest in assets held by Community Foundation of Greater Des Moines	<u>1,589,077</u>	<u>1,382,009</u>
PROPERTY AND EQUIPMENT		
Office equipment, net of accumulated depreciation 2023 \$30,711; 2022 \$29,690	<u>10,711</u>	<u>11,964</u>
	<u>1,599,788</u>	<u>1,393,973</u>
Total assets	<u>\$5,308,168</u>	<u>\$5,073,530</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 36,298	\$ 53,353
Accrued payroll taxes	7,931	-
Deferred revenue	18,000	37,000
Charity grants payable	<u>485,400</u>	<u>610,000</u>
Total current liabilities	<u>547,629</u>	<u>700,353</u>
NET ASSETS		
Without donor restrictions	3,106,861	3,171,963
With donor restrictions	<u>1,653,678</u>	<u>1,201,214</u>
Total net assets	<u>4,760,539</u>	<u>4,373,177</u>
Total liabilities and net assets	<u>\$5,308,168</u>	<u>\$5,073,530</u>

See Notes to Financial Statements.

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

	<u>Year ended September 30, 2023</u>			<u>Year ended September 30, 2022</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
REVENUE AND CONTRIBUTIONS						
SPECIAL EVENTS						
Golf outings	\$ 129,619	\$ 32,250	\$ 161,869	\$ 103,108	\$ 25,098	\$ 128,206
Polo on the Green	288,641	51,795	340,436	359,356	48,600	407,956
Stag events	408,219	69,000	477,219	378,359	48,600	426,959
Telethons	2,572,141	432,545	3,004,686	2,389,753	358,564	2,748,317
Two Days of Compassion	81,337	118,935	200,272	139,140	91,340	230,480
Other special events	151,082	-	151,082	201,915	-	201,915
OTHER REVENUES						
Interest	132,049	-	132,049	30,276	-	30,276
Other	151,733	80,301	232,034	116,136	276,567	392,703
Change in value of interest of assets held by Community Foundation of Greater Des Moines	<u>158,932</u>	<u>-</u>	<u>158,932</u>	<u>(258,482)</u>	<u>-</u>	<u>(258,482)</u>
Total amount raised	4,073,753	784,826	4,858,579	3,459,561	848,769	4,308,330
Less donor designated funds	<u>(160,000)</u>	<u>-</u>	<u>(160,000)</u>	<u>(290,000)</u>	<u>-</u>	<u>(290,000)</u>
	3,913,753	784,826	4,698,579	3,169,561	848,769	4,018,330
Net assets released from restrictions, satisfaction of donor restrictions	<u>332,362</u>	<u>(332,362)</u>	<u>-</u>	<u>667,874</u>	<u>(667,874)</u>	<u>-</u>
Net revenue, contributions and assets released from restrictions	<u>4,246,115</u>	<u>452,464</u>	<u>4,698,579</u>	<u>3,837,435</u>	<u>180,895</u>	<u>4,018,330</u>
CHARITY GRANTS AND EXPENSES						
Charity grants	3,249,214	-	3,249,214	2,796,205	-	2,796,205
Less donor designated funds	<u>(160,000)</u>	<u>-</u>	<u>(160,000)</u>	<u>(290,000)</u>	<u>-</u>	<u>(290,000)</u>
	3,089,214	-	3,089,214	2,506,205	-	2,506,205
SPECIAL EVENTS-DIRECT EXPENSES						
Golf outings	34,635	-	34,635	23,063	-	23,063
Polo on the Green	122,827	-	122,827	119,025	-	119,025
Stag events	121,272	-	121,272	84,302	-	84,302
Telethons	77,436	-	77,436	62,975	-	62,975
Two Days of Compassion	22,063	-	22,063	27,484	-	27,484
Other special events	29,981	-	29,981	26,403	-	26,403
OTHER EXPENSES						
Program services	356,424	-	356,424	303,981	-	303,981
Administrative	164,668	-	164,668	182,953	-	182,953
Fundraising	<u>292,697</u>	<u>-</u>	<u>292,697</u>	<u>291,864</u>	<u>-</u>	<u>291,864</u>
Total charity grants and expenses	<u>4,311,217</u>	<u>-</u>	<u>4,311,217</u>	<u>3,628,255</u>	<u>-</u>	<u>3,628,255</u>
CHANGE IN NET ASSETS	(65,102)	452,464	387,362	209,180	180,895	390,075
NET ASSETS, beginning	<u>3,171,963</u>	<u>1,201,214</u>	<u>4,373,177</u>	<u>2,962,783</u>	<u>1,020,319</u>	<u>3,983,102</u>
NET ASSETS, ending	<u>\$3,106,861</u>	<u>\$1,653,678</u>	<u>\$4,760,539</u>	<u>\$3,171,963</u>	<u>\$1,201,214</u>	<u>\$4,373,177</u>

See Notes to Financial Statements.

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

	<u>Year ended September 30, 2023</u>				<u>Year ended September 30, 2022</u>			
	<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	\$3,089,214	\$ —	\$ —	\$3,089,214	\$2,506,205	\$ —	\$ —	\$2,506,205
Special events – direct expenses	—	—	408,214	408,214	—	—	343,252	343,252
Expenses								
Salaries, payroll taxes and benefits	253,629	98,770	216,201	568,600	227,887	115,493	223,961	567,341
International dues	—	30,952	—	30,952	—	32,444	—	32,444
Professional fees	20,310	7,909	17,313	45,532	19,087	9,673	18,758	47,518
Supplies	1,822	624	1,365	3,811	3,268	633	1,227	5,128
Telephone and internet	2,710	1,055	2,310	6,075	2,478	1,256	2,435	6,169
Postage and shipping	1,923	361	790	3,074	745	329	638	1,712
Office and occupancy	25,485	9,925	21,724	57,134	21,000	10,643	20,638	52,281
Equipment rental and maintenance	6,370	2,481	5,430	14,281	3,858	1,955	3,792	9,605
Printing and publications	758	292	639	1,689	297	150	292	739
Travel	2,699	1,009	2,210	5,918	2,633	854	1,656	5,143
Conferences and meetings	1,305	508	1,112	2,925	1,295	656	1,273	3,224
Depreciation	2,363	920	2,014	5,297	2,164	1,097	2,126	5,387
Insurance	3,150	1,227	2,685	7,062	4,551	2,306	4,473	11,330
Marketing	22,696	5,927	12,974	41,597	7,205	3,551	6,885	17,641
Other	11,204	2,708	5,930	19,842	7,513	1,914	3,709	13,136
	<u>356,424</u>	<u>164,668</u>	<u>292,697</u>	<u>813,789</u>	<u>303,981</u>	<u>182,954</u>	<u>291,863</u>	<u>778,798</u>
Total	<u>\$3,445,638</u>	<u>\$ 164,668</u>	<u>\$ 700,911</u>	<u>\$4,311,217</u>	<u>\$2,810,186</u>	<u>\$ 182,954</u>	<u>\$ 635,115</u>	<u>\$3,628,255</u>

See Notes to Financial Statements.

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

	Year ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 387,632	\$ 390,075
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	5,297	5,387
Change in value of interest in assets held by Community Foundation of Greater Des Moines	(185,636)	234,783
Changes in assets and liabilities		
Contributions receivable	18,745	(92,866)
Prepaid expenses	(38,076)	(29,896)
Accounts payable	(17,055)	27,449
Accrued payroll taxes	7,931	(454)
Deferred revenue	(19,000)	(7,250)
Charity grants payable	<u>(124,600)</u>	<u>176,400</u>
Net cash flows from operating activities	<u>34,968</u>	<u>703,628</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(4,044)	(8,946)
Transfers to Community Foundation of Greater Des Moines	<u>(21,432)</u>	<u>(301,169)</u>
Net cash flows from investing activities	<u>(25,476)</u>	<u>(310,115)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	9,492	393,513
CASH AND CASH EQUIVALENTS		
Beginning	<u>2,860,261</u>	<u>2,466,748</u>
Ending	<u>\$2,869,753</u>	<u>\$2,860,261</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) 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 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 six 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

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, 2023.

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, 2023 and 2022.

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.

Effective October 1, 2022, Variety adopted FASB ASC 842, *Leases* (FASB ASC 842). Variety determines if an arrangement contains a lease at inception based on whether Variety has the right to control the asset during the contract period and other facts and circumstances. Variety elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed Variety to carry forward the historical lease classification.

There was no effect on Variety's 2023 financial statements related to the adoption of FASB ASC 842. Results for periods beginning prior to October 1, 2022 continue to be reported in accordance with historical accounting treatment.

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 account 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 \$2,869,753 in cash and cash equivalents and \$731,870 in contributions receivable as of September 30, 2023. In addition, Variety has \$1,589,077 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.

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

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. 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 (ie, 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, 2023 and 2022, are reflected in net assets without donor restrictions.

NOTE 3 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, 2023 and 2022:

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

	<u>Fair Value as of September 30</u>		<u>Unfunded commitments</u>	<u>Redemption frequency (if currently eligible)</u>	<u>Redemption notice period</u>
	<u>2023</u>	<u>2022</u>			
Beneficial interest in assets held by Community Foundation of Greater Des Moines	\$ <u>1,589,077</u>	\$ <u>1,382,009</u>	None	Daily	None

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

	<u>September 30</u>	
	<u>2023</u>	<u>2022</u>
Net unrealized gains (losses)	\$ 149,249	\$ (278,028)
Net realized gains	<u>9,683</u>	<u>19,546</u>
	<u>\$ 158,932</u>	<u>\$ (258,482)</u>

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

NOTE 3 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:

	<u>Year ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	\$1,382,009	\$1,315,623
Contributions	21,432	30,116
Interest and dividends	34,418	31,021
Net realized gains	9,683	19,546
Net unrealized (losses) gains	149,249	(278,028)
Investment expenses	<u>(7,714)</u>	<u>(7,322)</u>
Ending balance	<u>\$1,589,077</u>	<u>\$1,382,009</u>

NOTE 4 CHARITY GRANTS PAYABLE

Charity grants payable consist of the following:

	<u>September 30</u>	
	<u>2023</u>	<u>2022</u>
The Bridge of Storm Lake	\$ 40,000	\$ 40,000
ChildServe	-	200,000
Des Moines Refugee Support	5,000	5,000
Ronald McDonald House	-	30,000
Starts Right Here	35,000	45,000
Whatever You Do	40,000	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	-
Other	<u>9,000</u>	<u>-</u>
	<u>\$ 485,400</u>	<u>\$ 610,000</u>

NOTE 5 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, 2024 with an annual cost of approximately \$10,500. Rent expense was \$58,395 and \$50,940 for the years ended September 30, 2023 and 2022, 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, 2023 and 2022, Variety met the conditions and made payments of \$250,000 each year. The payment due in 2024 has been accrued as of September 30, 2023 as the conditions had been met. The final payment due in 2025 will be recognized when the contingency is met.

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

NOTE 6 NET ASSETS

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

	September 30	
	2023	2022
Without donor restrictions	\$1,517,784	\$1,256,618
Board designated Grubb playground	-	533,336
Board designated endowment	<u>1,589,077</u>	<u>1,382,009</u>
	<u>\$3,106,861</u>	<u>\$3,171,963</u>

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

	September 30	
	2023	2022
Mobility Program	\$ 311,701	\$ 286,776
Variety Star Playground – Grubb	1,079,798	310,313
Compassion Funds	262,179	349,440
Jody Reynolds Memorial	-	170,347
Stan Reynolds Memorial	<u>-</u>	<u>84,338</u>
	<u>\$1,653,678</u>	<u>\$1,201,214</u>

NOTE 7 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 \$16,809 and \$16,250 for the years ended September 30, 2023 and 2022, respectively.

NOTE 8 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 9 ENDOWMENT FUNDS

The Board of Directors of Variety created a fund to function as an endowment. As required by generally accepted accounting principles net asset 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.

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

NOTE 9 ENDOWMENT FUNDS (continued)

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.

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, 2023 and 2022 was as follows:

	September 30	
	2023	2022
Endowment net assets, beginning of year	\$1,382,009	\$1,315,623
Investment return		
Investment income	34,418	31,021
Realized and unrealized (losses) gains on investments	<u>158,932</u>	<u>(258,482)</u>
Total investment return	<u>193,350</u>	<u>(227,461)</u>
Contributions	<u>21,432</u>	<u>301,169</u>
Expenses	<u>(7,714)</u>	<u>(7,322)</u>
Endowment net assets, end of year	<u>\$1,589,077</u>	<u>\$1,382,009</u>

NOTE 10 SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 18, 2023, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.