

MAKE-A-WISH FOUNDATION® OF UTAH
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2020 AND 2019

**MAKE-A-WISH FOUNDATION® OF UTAH
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YEARS ENDED AUGUST 31, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Utah
Murray, Utah

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Utah, which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
Make-A-Wish Foundation® of Utah

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of Utah as of August 31, 2020 and 2019, and the change in its net assets and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 10, 2020

MAKE-A-WISH FOUNDATION® OF UTAH
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 978,871	\$ 613,114
Investments	2,875,300	2,697,286
Due from Related Entities	35,516	64,654
Prepaid Expenses	45,952	102,228
Contributions Receivable, Net	70,519	384,632
Other Assets	21,342	14,643
Restricted Cash	187,120	235,660
Property and Equipment, Net	1,741,946	1,811,904
Total Assets	\$ 5,956,566	\$ 5,924,121
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 158,329	\$ 259,526
Due to Related Entities	3,941	4,823
Notes Payable	10,000	-
Paycheck Protection Program	199,400	-
Capital Lease Obligations	8,401	10,963
Total Liabilities	380,071	275,312
NET ASSETS		
Without Donor Restrictions	2,707,449	2,536,235
With Donor Restrictions	2,869,046	3,112,574
Total Net Assets	5,576,495	5,648,809
Total Liabilities and Net Assets	\$ 5,956,566	\$ 5,924,121

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF UTAH
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 2,904,779	\$ 30,296	\$ 2,935,075
Grants	284,306	-	284,306
Total Public Support	3,189,085	30,296	3,219,381
Internal Special Events	13,085	-	13,085
Investment Income, Net	12,920	246,591	259,511
Other Income	4,714	-	4,714
Net Assets Released from Restrictions	520,415	(520,415)	-
Total Revenues, Gains, and Other Support	3,740,219	(243,528)	3,496,691
EXPENSES			
Program Services:			
Wish Granting	2,740,290	-	2,740,290
Total Program Services	2,740,290	-	2,740,290
Support Services:			
Fundraising	481,533	-	481,533
Management and General	347,182	-	347,182
Total Support Services	828,715	-	828,715
Total Expenses	3,569,005	-	3,569,005
CHANGE IN NET ASSETS	171,214	(243,528)	(72,314)
Net Assets - Beginning of Year	2,536,235	3,112,574	5,648,809
NET ASSETS - END OF YEAR	\$ 2,707,449	\$ 2,869,046	\$ 5,576,495

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF UTAH
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 2,746,843	\$ 2,900,403	\$ 5,647,246
Grants	508,157	3,000	511,157
Total Public Support	3,255,000	2,903,403	6,158,403
Investment Income (Loss), Net	15,445	171,359	186,804
Other Income	3,420	-	3,420
Net Assets Released from Restrictions	327,068	(327,068)	-
Total Revenues, Gains, and Other Support	3,600,933	2,747,694	6,348,627
EXPENSES			
Program Services:			
Wish Granting	3,096,118	-	3,096,118
Total Program Services	3,096,118	-	3,096,118
Support Services:			
Fundraising	364,321	-	364,321
Management and General	328,934	-	328,934
Total Support Services	693,255	-	693,255
Total Expenses	3,789,373	-	3,789,373
CHANGE IN NET ASSETS	(188,440)	2,747,694	2,559,254
Net Assets - Beginning of Year	2,724,675	364,880	3,089,555
NET ASSETS - END OF YEAR	\$ 2,536,235	\$ 3,112,574	\$ 5,648,809

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF UTAH
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2020

	Program Services	Support Services			Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 1,858,334	\$ -	\$ -	\$ -	\$ 1,858,334
Salaries, Taxes, and Benefits	549,931	267,576	299,933	567,509	1,117,440
Printing, Subscriptions, and Publications	1,414	13,662	511	14,173	15,587
Professional Fees	5,519	2,401	2,386	4,787	10,306
Occupancy	28,639	4,283	3,212	7,495	36,134
Equipment Lease, Repairs, and Maintenance	2,920	3,563	875	4,438	7,358
Postage and Delivery	2,063	1,504	703	2,207	4,270
Travel	6,262	8,310	1,869	10,179	16,441
Meetings and Conferences	4,014	37,185	845	38,030	42,044
Office Supplies	10,884	13,194	1,797	14,991	25,875
Communications	5,780	2,616	2,210	4,826	10,606
Advertising and Media (In-Kind)	44,175	75,916	-	75,916	120,091
Information Technology	6,887	8,083	2,400	10,483	17,370
Membership Dues	645	4,694	251	4,945	5,590
National Partnership Dues	153,851	19,997	22,156	42,153	196,004
Merchant Fees	-	3,229	-	3,229	3,229
Miscellaneous	2,083	5,691	679	6,370	8,453
Depreciation and Amortization	56,889	9,629	7,355	16,984	73,873
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 2,740,290	\$ 481,533	\$ 347,182	\$ 828,715	\$ 3,569,005

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF UTAH
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2019

	Program Services	Support Services			Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 2,199,495	\$ -	\$ -	\$ -	\$ 2,199,495
Salaries, Taxes, and Benefits	611,784	173,384	290,349	463,733	1,075,517
Printing, Subscriptions, and Publications	1,927	9,432	590	10,022	11,949
Professional Fees	2,280	798	722	1,520	3,800
Rent and Utilities	33,112	4,548	3,324	7,872	40,984
Postage and Delivery	2,755	1,770	646	2,416	5,171
Travel	5,479	9,558	1,127	10,685	16,164
Meetings and Conferences	5,594	22,300	1,083	23,383	28,977
Office Supplies	4,329	18,004	557	18,561	22,890
Communications	5,423	1,948	1,717	3,665	9,088
Advertising and Media (In-Kind)	-	86,010	-	86,010	86,010
Repairs and Maintenance	41,227	5,664	4,174	9,838	51,065
Membership Dues	3,281	1,626	168	1,794	5,075
National Partnership Dues	107,900	15,024	13,658	28,682	136,582
Miscellaneous	13,735	5,626	4,319	9,945	23,680
Depreciation and Amortization	57,797	8,629	6,500	15,129	72,926
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 3,096,118	\$ 364,321	\$ 328,934	\$ 693,255	\$ 3,789,373

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF UTAH
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (72,314)	2,559,254
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	73,873	72,926
Contributions Restricted for Endowment	-	(2,264,200)
Net Realized and Unrealized Gains on Investments	(209,196)	(115,553)
Contributed Property and Equipment and Inventory	(13,968)	(500)
(Increase) Decrease in Assets:		
Contributions Receivable	314,113	(114,728)
Due from Related Entities	29,138	(39,730)
Prepaid Expenses	56,276	(94,720)
Other Assets	7,269	8,602
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(101,197)	13,206
Due to Related Entities	(882)	(12,640)
Deferred Rent	-	(1,736)
Net Cash Provided by Operating Activities	83,112	10,181
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(49,956)	(2,688,557)
Proceeds from Sales of Investments	81,138	380,246
Purchases of Property and Equipment	(3,915)	(21,690)
Net Cash Provided (Used) by Investing Activities	27,267	(2,330,001)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Endowment	-	2,264,200
Principal Payments on Capital Lease Obligations	(2,562)	(2,029)
Proceeds from Notes Payable	10,000	-
Proceeds from Paycheck Protection Program Loan	199,400	-
Net Cash Provided by Financing Activities	206,838	2,262,171
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	317,217	(57,649)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	848,774	906,423
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 1,165,991	\$ 848,774
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 1,505	\$ 1,699
Contributed Property and Equipment and Inventory	\$ 13,968	\$ 500

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF UTAH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Utah (the Foundation) is a Utah nonprofit corporation, organized for the purpose of creating life changing wishes for children with critical illnesses. The Foundation is an independently operating chapter of Make-A-Wish Foundation® of America (National Organization), which develops and implements national programs in public relations and fundraising for the benefit of all local chapters. To be a Make-A-Wish chapter, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to nonprofit entities.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions or law.

The Foundation's investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that those changes in the values of investments will occur in the near term and that such changes could be material to the amounts reported in the statements of financial position.

Contributions Receivable

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in the future are recorded at the present value of estimated future cash flows. Contributions receivable are discounted using fair value rates and contributions are written off when deemed uncollectible.

Restricted Cash

Restricted cash refers to the unexpended portion of support received that has been restricted by the donor for a specific purpose. These restrictions are for program expenditures and operational support.

MAKE-A-WISH FOUNDATION® OF UTAH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost of greater than \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 5 years. The building is being depreciated over an estimated life of 40 years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances indicate a long-lived asset may be impaired, the asset value will be reduced to fair value. Fair value is determined through various valuation techniques including quoted market values and third-party independent appraisals, as considered necessary.

Fair Value Measurements

Fair value measurements of financial assets and financial liabilities and fair value measurements of nonfinancial items are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is 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 Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets (or liabilities) that the reporting entity has the ability to access at the measurement date.

Level 2 – Prices for a similar asset (or liability), other than quoted prices included in Level 1 inputs, that are observable for the asset (or liability), either directly or indirectly. If the asset (or liability) has a specified term, a Level 2 input must be observable for substantially the full term of the asset (or liability).

Level 3 – Unobservable inputs for the asset (or liability) used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset (or liability) at measurement date.

MAKE-A-WISH FOUNDATION® OF UTAH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

Revenue Recognition

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discounts is recorded as additional contributions revenue.

Conditional promises to give are not recognized as contribution revenue and receivables until the conditions have been substantially met.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

MAKE-A-WISH FOUNDATION® OF UTAH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Foundation received in-kind contributions of assets, services, and materials that are reported in the statements of activities as follows:

<u>August 31, 2020</u>	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Wish Related	\$ 715,185	\$ -	\$ -	\$ 715,185
Professional Services	-	-	-	-
Advertising and Media	44,175	75,916	-	120,091
Other	16,948	30,285	2,394	49,627
Total	<u>\$ 776,308</u>	<u>\$ 106,201</u>	<u>\$ 2,394</u>	884,903
Inventory (Asset)				13,968
Total				<u>\$ 898,871</u>
<u>August 31, 2019</u>				
Wish Related	\$ 1,128,171	\$ -	\$ -	\$ 1,128,171
Professional Services	11,789	6,341	1,164	19,294
Advertising and Media	-	86,010	-	86,010
Other	1,394	8,395	158	9,947
Total	<u>\$ 1,141,354</u>	<u>\$ 100,746</u>	<u>\$ 1,322</u>	1,243,422
Inventory (Asset)				500
Total				<u>\$ 1,243,922</u>

Advertising and media is used to help the Foundation communicate its message or mission and includes fundraising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes.

Donated advertising and media is reported as contribution revenue and fundraising expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Utah income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 59-7-102 of the Utah Code. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2020 and 2019. The Foundation files income tax returns in the U.S. federal jurisdiction, and applicable state jurisdictions.

MAKE-A-WISH FOUNDATION® OF UTAH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Flows

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the totals of the same such amounts shown in the statements of cash flows:

	2020	2019
Cash and Cash Equivalents	\$ 978,871	\$ 613,114
Restricted Cash	187,120	235,660
Total	\$ 1,165,991	\$ 848,774

Functional Expenses

The Foundation performs three functions: wish granting, fundraising, and management and general. Definitions of these functions are as follows:

Wish Granting

Activities performed by the Foundation in granting wishes to children with critical illnesses.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations.

Management and General

All costs not identifiable with specific programs or fundraising activities, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

Expenses that benefit more than one function of the Foundation are allocated among the functions based generally on the amount of time spent by employees on each function.

Management Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MAKE-A-WISH FOUNDATION® OF UTAH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in the update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

The Foundation's financial statements reflect adoption of ASU 2018-08 guidance beginning in fiscal year 2020. The adoption of ASU 2018-08 did not impact the Foundation's reported revenue.

In addition, in November 2016, FASB issued Accounting Standards (ASU) 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*. This ASU was issued to clarify guidance on the classification and presentation of restricted cash in the statement of cash flows and reduce diversity in practice. The amendments to this ASU require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and restricted cash or restricted cash equivalents. Therefore, restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The financial statements reflect the application of ASU 2016-18 using a retrospective approach to each period presented.

NOTE 3 LIQUIDITY AND AVAILABILITY

The Foundation monitors liquidity regularly through the monthly financial package provided to the board and through the enterprise-wide Benchmarks of Excellence. Holding 6 months to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

	<u>2020</u>	<u>2019</u>
Total Financial Assets	\$ 4,147,326	3,995,346
Donor Imposed Restrictions:		
Restricted Funds	(178,770)	(587,751)
Endowments	<u>(2,690,276)</u>	<u>(2,524,823)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,278,280</u>	<u>\$ 882,772</u>

MAKE-A-WISH FOUNDATION® OF UTAH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

Financial assets include cash and cash equivalents, investments, due from related entities, contributions receivable, and restricted cash. For purposes of analyzing resources available to meet general expenditures over one year, the Foundation considers all expenditures related to its ongoing program activities, as well as the functions in support of those activities, to be general expenditures.

Our endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Certain restricted funds in the amount of \$148,321 and \$203,118 for the years ended August 31, 2020 and 2019, respectively, are donor restricted but available for use in time of rapid wish pipeline growth to ensure timeliness in granting wishes, as determined by the board.

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

Fair value is defined as the amount 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 fair values of the financial instruments shown in the following table as of August 31, 2020 and 2019 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

Investments

Overall Investment Objective

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Foundation diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the board's finance committee, which oversees the Foundation's investment program in accordance with established guidelines.

MAKE-A-WISH FOUNDATION® OF UTAH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments (Continued)

Allocation of Investment Strategies

The Foundation maintains three separate investment categories of funds: operating funds, an intermediate fund primarily for building maintenance and wish flow management, and a wish endowment fund. The various components of each fund are predicated on the liquidity needs and reserves of the Foundation. The investment vehicles range from money market accounts, to fixed income securities, to equity investments, depending on the investment time horizons. The Foundation, by policy, does not invest in speculative instruments (e.g., junk bonds, distressed securities, unregistered or restricted stocks, security loans, and other high-risk instruments).

Fair Value Hierarchy

The following table presents the fair value hierarchy of assets that are measured at fair value on a recurring basis at August 31:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Assets Not Measured at Fair Value</u>	<u>Total</u>
<u>August 31, 2020</u>					
Assets:					
Investments:					
Mutual Funds	\$ 2,718,883	\$ -	\$ -	\$ -	\$ 2,718,883
Exchange-Traded Funds	113,091	-	-	-	113,091
Cash	-	-	-	43,326	43,326
Total	<u>\$ 2,831,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,326</u>	<u>\$ 2,875,300</u>
<u>August 31, 2019</u>					
Assets:					
Investments:					
Mutual Funds	\$ 2,561,677	\$ -	\$ -	\$ -	\$ 2,561,677
Exchange-Traded Funds	105,497	-	-	-	105,497
Cash	-	-	-	30,112	30,112
Total	<u>\$ 2,667,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,112</u>	<u>\$ 2,697,286</u>

NOTE 5 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2020 and 2019 were \$70,519 and \$384,632, respectively. All contributions receivable are due within the next 12 months. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2020 and 2019.

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NOTE 6 TRANSACTIONS WITH RELATED ENTITIES

The Foundation received the following distributions from the National Organization for the years ended August 31:

	<u>2020</u>	<u>2019</u>
Corporate, Online, Whitemail, and General Contributions	\$ 459,189	\$ 350,032
Gifts and Travel Reimbursements	23,524	270
Adopt-A-Wish	11,118	8,000
Other	38,454	25,641
Total Distributions Received	<u>\$ 532,285</u>	<u>\$ 383,943</u>

These amounts are recorded in the statements of activities as public support revenue.

The Foundation paid to the National Organization the following amounts for the years ended August 31:

	<u>2020</u>	<u>2019</u>
Chapter Dues	\$ 196,003	\$ 136,582
Services and Other	7,746	3,823
Total Amounts Paid	<u>\$ 203,749</u>	<u>\$ 140,405</u>

Chapters who assist with the granting of wishes from other chapters are paid a “fee for service” called the wish assist fee. Under this program, the originating chapter agrees to pay a fee to the chapter of the wish destination to assist with any planning, booking, and facilitating of the wish for the home chapter. Under this program, the Foundation received \$3,050 and \$3,350 for the years ended August 31, 2020 and 2019, respectively, which is recorded in the accompanying statements of activities as Other Income.

Amounts due from and to related entities are as follows:

	<u>2020</u>	<u>2019</u>
Due from National Organization	\$ 35,516	58,234
Due from Other Chapters	-	6,420
Total Due from Related Entities	<u>\$ 35,516</u>	<u>\$ 64,654</u>
Due to National Organization	\$ 3,941	\$ 23
Due to Other Chapters	-	4,800
Total Due to Related Entities	<u>\$ 3,941</u>	<u>\$ 4,823</u>

Amounts due from the National Organization represent contributions remitted to the National Organization that are identified for the Foundation’s use but were not yet transferred to the Foundation as of year-end. Amounts due from other chapters represent amounts paid in assisting other chapters with their wish granting. Amounts due to other chapters represent amounts owed to other chapters who have assisted in the granting of wishes for the Foundation. Amounts due to the National Organization generally represent unpaid chapter dues and services.

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NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

During the years ended August 31, 2020 and 2019, the Foundation received contributions, both cash and in-kind, from board members totaling \$40,950 and \$7,233, respectively.

NOTE 7 PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following as of August 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 450,249	\$ 450,249
Buildings and Building Improvements	2,115,862	2,113,662
Computer Equipment and Software	63,113	62,106
Office Furniture	142,907	95,245
Other Equipment	-	46,953
Total	<u>2,772,131</u>	<u>2,768,215</u>
Less: Accumulated Depreciation and Amortization	<u>(1,030,185)</u>	<u>(956,311)</u>
Property and Equipment, Net	<u>\$ 1,741,946</u>	<u>\$ 1,811,904</u>

Depreciation and amortization expense totaled \$73,873 and \$72,926 for the years ended August 31, 2020 and 2019, respectively.

NOTE 8 NOTES PAYABLE

On April 27, 2020, the Foundation entered into a note payable with the state of Utah totaling \$10,000. The note is noninterest-bearing, requires principal payments in equal monthly installments of \$208, and matures on April 1, 2025. The remaining principal payments subsequent to August 31, 2020 are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2021	\$ 833
2022	2,500
2023	2,500
2024	2,500
2025	1,667
Total	<u>\$ 10,000</u>

NOTE 9 LEASES

The Foundation is obligated under various capital and operating leases for equipment, which expire at various dates through February 2023. As of August 31, 2020 and 2019, the cost of leased property and equipment under capital leases was \$14,606 and accumulated depreciation was \$7,651 and \$4,869, respectively. Total rent expense for all operating leases for the years ended August 31, 2020 and 2019 totaled \$8,923.

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NOTE 9 LEASES (CONTINUED)

Future minimum lease payments under capital and operating leases having remaining terms in excess of one year are as follows:

<u>Year Ending August 31,</u>	<u>Operating Leases</u>	<u>Capital Leases</u>
2021	\$ 8,923	\$ 4,066
2022	5,205	4,066
2023	-	1,694
Total Minimum Lease Payments	14,128	9,826
Less: Amounts Representing Interest	-	(1,425)
Present Value of Net Minimum Lease Payments	<u>\$ 14,128</u>	<u>\$ 8,401</u>

NOTE 10 NET ASSETS

Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods as of August 31:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 154,531	\$ 203,118
Total	154,531	203,118
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	24,239	384,633
Total	24,239	384,633
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	362,251	196,798
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Endowment Fund	2,328,025	2,328,025
Total	2,690,276	2,524,823
Total Donor Restricted Net Assets	<u>\$ 2,869,046</u>	<u>\$ 3,112,574</u>

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NOTE 11 ENDOWMENTS

The Foundation is subject to the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and is required to make disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation's endowment consists of one fund established for wish granting purposes, utilizing donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets are reflected as investments on the statements of financial position.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Utah UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor-restricted net assets: (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulated earnings on the donor-restricted endowment funds. The accumulated earnings on the endowment funds remain treated as donor-restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
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 the Foundation
7. The investment policies of the Foundation

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NOTE 11 ENDOWMENTS (CONTINUED)

Endowment fund composition by type of fund as of August 31 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>August 31, 2020</u>			
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 2,328,025	\$ 2,328,025
Accumulated Investment Gains	-	362,251	362,251
Total Funds	\$ -	\$ 2,690,276	\$ 2,690,276
<u>August 31, 2019</u>			
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 2,328,025	\$ 2,328,025
Accumulated Investment Gains	-	196,798	196,798
Total Funds	\$ -	\$ 2,524,823	\$ 2,524,823

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NOTE 11 ENDOWMENTS (CONTINUED)

Changes in endowment funds for the years ended August 31 are as follows:

August 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ -	\$ 2,524,823	\$ 2,524,823
Investment Return:			
Investment Income	-	54,984	54,984
Net Appreciation (Realized and Unrealized)	-	191,607	191,607
Total Investment Return	-	246,591	246,591
Contributions	-	-	-
Appropriation of Endowment Asset for Expenditure	-	(81,138)	(81,138)
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 2,690,276</u>	<u>\$ 2,690,276</u>
<u>August 31, 2019</u>			
Endowment Funds - Beginning of Year	\$ -	\$ 89,264	\$ 89,264
Investment Return:			
Investment Income	-	70,209	70,209
Net Appreciation (Realized and Unrealized)	-	101,150	101,150
Total Investment Return	-	171,359	171,359
Contributions	-	2,264,200	2,264,200
Appropriation of Endowment Asset for Expenditure	-	-	-
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 2,524,823</u>	<u>\$ 2,524,823</u>

Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There are no fund deficiencies as of August 31, 2020 and 2019.

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NOTE 11 ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment fund while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return equal to or greater than the rate of inflation. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year only that portion of the investment income accrued during the period that does not put the principal in jeopardy. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 12 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after the first \$5,000 earned. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code limitations. The Foundation matches employee contributions up to 3% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2020 and 2019 were \$23,015 and \$20,931, respectively.

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NOTE 13 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash, cash equivalents, and investments. The Foundation places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit of \$250,000. From time to time throughout the year, the Foundation's cash balances may exceed the amount of the FDIC insurance coverage.

In-kind contributions totaling \$627,451 and \$655,542 were received from a single donor for the years ended August 31, 2020 and 2019, which represents 19% and 11% of total public support, respectively. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 14 LITIGATION AND CLAIMS

The Foundation is periodically involved in litigation and claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position, change in net assets, or liquidity. Management is not aware of any potential litigation or claims against the Foundation.

NOTE 15 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the years ended August 31, 2020 and 2019, the Foundation granted 160 and 230 wishes, respectively. As of the August 31, 2020 and 2019, respectively, there were approximately 265 and 250 wish children who are eligible for a wish. The average cost for the year ended August 31, 2020 was \$5,715 in cash and \$5,363 in in-kind for a total cost of \$11,078. The average cost of a wish for the year ended August 31, 2019 was \$5,391 in cash and \$4,383 in in-kind for a total cost of \$9,774.

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NOTE 16 RISKS AND UNCERTAINTIES

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began. On March 10, 2020, in conjunction with the Make-A-Wish America National Medical Advisory Council, Make-A-Wish America issued instructions to pause travel and large gathering wishes until deemed medically safe for our vulnerable population and their families. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic.

As of August 31, 2020, with only a few local exceptions, travel wishes are still paused. Over the past three years, travel wishes have been approximately 78% of wishes granted and the number of granted wishes averaged approximately 211. The number of wishes granted in the current year was 160.

In addition to the impact on travel and large gathering wishes, the Foundation has also cancelled or converted fundraising events to virtual events. The Foundation continues to evaluate all expenses and fundraising efforts in light of the impact of COVID-19. National efforts are underway to return to wish granting and fundraising efforts when it is deemed medically safe.

From an operational perspective, the Foundation's office closed to the public and transitioned the staff to work from home as of March 16, 2020. The office is open for staff use on a limited basis. Temporary internal control policies were written to accommodate for the closure.

NOTE 17 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved a \$199,400 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was received on April 16, 2020. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. Subsequent to year-end, the Foundation received forgiveness for the full loan amount.

NOTE 18 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 10, 2020, the date at which the financial statements were available to be issued.