

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2020 AND 2019



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**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
TABLE OF CONTENTS
YEARS ENDED AUGUST 31, 2020 AND 2019**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Philadelphia, Delaware and Susquehanna Valley
Blue Bell, Pennsylvania

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Philadelphia, Delaware and Susquehanna Valley 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 then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal 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 Philadelphia, Delaware and Susquehanna Valley

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 Philadelphia, Delaware and Susquehanna Valley as of August 31, 2020 and 2019 and change 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
December 16, 2020

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2020 AND 2019**

ASSETS	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 938,732	\$ 380,988
Investments	1,729,594	1,694,512
Due from Related Entities	53,308	96,569
Prepaid Expenses	186,314	128,162
Contributions Receivable, Net	89,084	551,020
Other Assets	5,742	5,742
Property and Equipment, Net	<u>203,768</u>	<u>247,891</u>
Total Assets	<u><u>\$ 3,206,542</u></u>	<u><u>\$ 3,104,884</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 130,667	\$ 206,934
Due to Related Entities	3,962	2,382
Deferred Lease Incentive	126,003	152,067
Deferred Rent	62,520	31,260
Paycheck Protection Program	304,000	-
Notes Payable	<u>35,500</u>	<u>40,233</u>
Total Liabilities	662,652	432,876
NET ASSETS		
Without Donor Restriction	2,540,614	2,409,730
With Donor Restriction	<u>3,276</u>	<u>262,278</u>
Total Net Assets	<u><u>2,543,890</u></u>	<u><u>2,672,008</u></u>
Total Liabilities and Net Assets	<u><u>\$ 3,206,542</u></u>	<u><u>\$ 3,104,884</u></u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2020**

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 3,741,970	\$ 506	\$ 3,742,476
Grants	377,079	-	377,079
Total Public Support	4,119,049	506	4,119,555
Internal Special Events	436,205	-	436,205
Less: Costs of Direct Benefits to Donors	(25,374)	-	(25,374)
Total Internal Special Events	410,831	-	410,831
Investment Income, Net	35,195	-	35,195
Other Income	4,200	-	4,200
Net Assets Released from Restrictions	259,508	(259,508)	-
Total Revenues, Gains, and Other Support	4,828,783	(259,002)	4,569,781
EXPENSES			
Program Services:			
Wish Granting	3,379,281	-	3,379,281
Public Information	69,326	-	69,326
Total Program Services	3,448,607	-	3,448,607
Support Services:			
Fundraising	604,901	-	604,901
Management and General	644,391	-	644,391
Total Support Services	1,249,292	-	1,249,292
Total Expenses	4,697,899	-	4,697,899
CHANGE IN NET ASSETS	130,884	(259,002)	(128,118)
Net Assets - Beginning of Year	2,409,730	262,278	2,672,008
NET ASSETS - END OF YEAR	\$ 2,540,614	\$ 3,276	\$ 2,543,890

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019**

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 4,959,979	\$ 259,296	\$ 5,219,275
Grants	369,774	-	369,774
Total Public Support	5,329,753	259,296	5,589,049
Internal Special Events	794,907	-	794,907
Less: Costs of Direct Benefits to Donors	(104,571)	-	(104,571)
Total Internal Special Events	690,336	-	690,336
Investment Income, Net	55,037	-	55,037
Other Income	6,688	-	6,688
Net Assets Released from Restrictions	562,558	(562,558)	-
	6,644,372	(303,262)	6,341,110
EXPENSES			
Program Services:			
Wish Granting	5,110,543	-	5,110,543
Public Information	107,473	-	107,473
Total Program Services	5,218,016	-	5,218,016
Support Services:			
Fundraising	540,601	-	540,601
Management and General	580,572	-	580,572
Total Support Services	1,121,173	-	1,121,173
	6,339,189	-	6,339,189
CHANGE IN NET ASSETS	305,183	(303,262)	1,921
Net Assets - Beginning of Year	2,104,547	565,540	2,670,087
NET ASSETS - END OF YEAR	\$ 2,409,730	\$ 262,278	\$ 2,672,008

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2020**

	Program Services			Support Services			Direct Donor Benefits	Total
	Wish Granting	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 2,071,748	\$ -	\$ 2,071,748	\$ -	\$ -	\$ -	\$ -	\$ 2,071,748
Salaries, Taxes, and Benefits	826,747	42,154	868,901	446,365	508,150	954,515	-	1,823,416
Printing, Subscriptions, and Publications	1,968	2,764	4,732	12,450	1,129	13,579	-	18,311
Professional Fees	1,327	7,846	9,173	717	5,965	6,682	-	15,855
Rent and Utilities	53,683	3,276	56,959	28,417	32,521	60,938	-	117,897
Postage and Delivery	2,521	130	2,651	2,502	1,235	3,737	-	6,388
Travel	8,728	4,241	12,969	10,742	3,447	14,189	-	27,158
Meetings and Conferences	4,954	4,797	9,751	8,108	2,054	10,162	-	19,913
Office Supplies	9,725	432	10,157	4,367	3,621	7,988	-	18,145
Communications	37,190	1,920	39,110	19,864	22,419	42,283	-	81,393
Advertising and Media (In-Kind)	-	-	-	1,500	-	1,500	-	1,500
Repairs and Maintenance	3,613	356	3,969	1,540	2,198	3,738	-	7,707
Membership Dues	655	770	1,425	355	404	759	-	2,184
National Partnership Dues	314,427	-	314,427	43,781	39,801	83,582	-	398,009
Miscellaneous	17,230	120	17,350	11,101	6,578	17,679	-	35,029
Depreciation and Amortization	24,765	520	25,285	13,092	14,869	27,961	-	53,246
Special Event Expenses	-	-	-	-	-	-	25,374	-
	<u>3,379,281</u>	<u>69,326</u>	<u>3,448,607</u>	<u>604,901</u>	<u>644,391</u>	<u>1,249,292</u>	<u>25,374</u>	<u>4,697,899</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:								
Special Event Expenses	-	-	-	-	-	-	(25,374)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,374)</u>	<u>-</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,379,281</u>	<u>\$ 69,326</u>	<u>\$ 3,448,607</u>	<u>\$ 604,901</u>	<u>\$ 644,391</u>	<u>\$ 1,249,292</u>	<u>\$ -</u>	<u>\$ 4,697,899</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2019**

	Program Services			Support Services			Direct Donor Benefits	Total
	Wish Granting	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 4,009,650	\$ -	\$ 4,009,650	\$ -	\$ -	\$ -	\$ -	\$ 4,009,650
Salaries, Taxes, and Benefits	759,754	36,211	795,965	412,065	468,393	880,458	-	1,676,423
Printing, Subscriptions, and Publications	5,890	9,435	15,325	14,717	3,931	18,648	-	33,973
Professional Fees	21,768	13,476	35,244	8,278	16,541	24,819	-	60,063
Rent and Utilities	47,698	2,273	49,971	25,869	29,406	55,275	-	105,246
Postage and Delivery	3,681	2,942	6,623	2,854	1,324	4,178	-	10,801
Travel	14,289	10,699	24,988	9,980	3,657	13,637	-	38,625
Meetings and Conferences	6,045	11,706	17,751	7,675	2,478	10,153	-	27,904
Office Supplies	9,001	2,586	11,587	2,728	2,731	5,459	-	17,046
Communications	22,299	11,471	33,770	6,239	9,215	15,454	-	49,224
Repairs and Maintenance	4,779	1,984	6,763	1,869	2,684	4,553	-	11,316
Insurance	-	-	-	1,014	-	1,014	-	1,014
Membership Dues	1,399	602	2,001	533	708	1,241	-	3,242
National Partnership Dues	190,466	-	190,466	26,521	24,110	50,631	-	241,097
Miscellaneous	3,006	1,159	4,165	15,499	4,348	19,847	-	24,012
Depreciation and Amortization	10,818	2,929	13,747	4,760	11,046	15,806	-	29,553
Special Event Expenses	-	-	-	-	-	-	104,571	-
	<u>5,110,543</u>	<u>107,473</u>	<u>5,218,016</u>	<u>540,601</u>	<u>580,572</u>	<u>1,121,173</u>	<u>104,571</u>	<u>6,339,189</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:								
Special Event Expenses	-	-	-	-	-	-	(104,571)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,571)</u>	<u>-</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 5,110,543</u>	<u>\$ 107,473</u>	<u>\$ 5,218,016</u>	<u>\$ 540,601</u>	<u>\$ 580,572</u>	<u>\$ 1,121,173</u>	<u>\$ -</u>	<u>\$ 6,339,189</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (128,118)	\$ 1,921
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	53,246	29,553
Net Realized and Unrealized Losses on Investments	(2,654)	(15,532)
Contributed Property and Equipment, Inventory and Investments	-	(160,755)
(Increase) Decrease in Assets:		
Contributions Receivable	461,936	182,432
Due from Related Entities	43,261	15,624
Prepaid Expenses	(58,152)	(104,342)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(76,267)	(114,227)
Due to Related Entities	1,580	(34,328)
Deferred Lease Incentive	(26,064)	152,067
Deferred Rent	31,260	31,260
Net Cash Provided (Used) by Operating Activities	300,028	(16,327)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(926,408)	(513,492)
Proceeds from Sales of Investments	893,980	698,600
Purchases of Property and Equipment	(9,123)	(70,817)
Net Cash Provided (Used) by Investing Activities	(41,551)	114,291
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program	304,000	-
Proceeds from Notes Payable	-	43,549
Principal Payments on Notes Payable	(4,733)	(3,316)
Net Cash Provided by Financing Activities	299,267	40,233
NET INCREASE IN CASH AND CASH EQUIVALENTS	557,744	138,197
Cash and Cash Equivalents - Beginning of Year	380,988	242,791
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 938,732	\$ 380,988

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Philadelphia, Delaware and Susquehanna Valley (the Foundation) is a Pennsylvania 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 net assets unless its use is limited by donor-imposed restrictions or law.

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 future years 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.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
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 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 five to ten years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. 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 PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
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 net 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 PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
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>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2020</u>				
Wish Related	\$ 797,150	\$ -	\$ -	\$ 797,150
Advertising and Media	-	1,500	-	1,500
Other	24,457	-	-	24,457
	<u>\$ 821,607</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>823,107</u>
Special Events				1,560
Total				<u>\$ 824,667</u>
	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2019</u>				
Wish Related	\$ 1,853,096	\$ -	\$ -	\$ 1,853,096
Other	263	900	500	1,663
	<u>\$ 1,853,359</u>	<u>\$ 900</u>	<u>\$ 500</u>	<u>1,854,759</u>
Special Events				51,193
Total				<u>\$ 1,905,952</u>

An internal special event is a fund-raising event coordinated and staffed by Foundation personnel rather than a third-party support group or organization. It is designed to attract people for the purpose of raising mission awareness, for increasing funding from existing donors, and the cultivation of future donors. Internal special event in-kind amounts are donated items recorded at fair value that are used in facilitating the event. Examples of such donated items are generally food, beverage, facility costs, and auction items.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Pennsylvania income taxes under the provisions of Internal Revenue Code Section 501(c)(3). 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 PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The Foundation performs five functions: wish granting, program-related support, public information, 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.

Public Information

Activities performed by the Foundation in communicating the purpose and services of the Foundation to all potential sources of wish referrals.

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 a 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.

Financial Statement Reclassification

In preparing these financial statements, the prior year presentation has been reclassified to conform with the current year presentation. These reclassifications have no effect on the previously recorded net assets.

Deferred Lease Incentive

This represents the unamortized portion of leasehold improvements that were contributed to the Foundation by its landlord during the year ending August 31, 2019. The corresponding leasehold improvement assets are recorded in property and equipment on the accompanying statement of financial position. The unamortized deferred lease incentive was \$126,003 and \$152,067, respectively at August 31, 2020 and 2019.

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$62,520 and \$31,260, respectively at August 31, 2020 and 2019.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Change in Accounting Principle

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.

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 to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

	<u>2020</u>	<u>2019</u>
Total Financial Assets	\$ 2,810,718	\$ 2,723,089
Donor Imposed Restrictions:		
Restricted Funds	<u>(3,276)</u>	<u>(262,278)</u>
Net Financial Assets after Donor-Imposed Restrictions	<u>2,807,442</u>	<u>2,460,811</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 2,807,442</u>	<u>\$ 2,460,811</u>

Financial Assets include cash and cash equivalents, investments, due from related entities and contributions receivable. 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.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

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.

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 audit and finance committee, which oversees the Foundation's investment program in accordance with established guidelines.

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>August 31, 2020</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Assets Not Held at Fair Value</u>	<u>Total</u>
Assets					
Investments:					
Mutual Funds	\$ 1,428,287	\$ -	\$ -	\$ -	\$ 1,428,287
Certificates of Deposit	-	-	-	301,050	301,050
Cash	-	-	-	257	257
Total Assets	<u>\$ 1,428,287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,307</u>	<u>\$ 1,729,594</u>
<u>August 31, 2019</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Assets Not Held at Fair Value</u>	<u>Total</u>
Assets					
Investments:					
Mutual Funds	\$ 1,194,373	\$ -	\$ -	\$ -	\$ 1,194,373
Certificates of Deposit	-	-	-	497,699	497,699
Cash	-	-	-	2,440	2,440
Total Assets	<u>\$ 1,194,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,139</u>	<u>\$ 1,694,512</u>

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

NOTE 5 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2020 and 2019 were \$89,084 and \$551,020, 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, respectively.

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, and other miscellaneous revenues. During the years ended August 31, 2020 and 2019, respectively, the Foundation received \$1,207,570 and \$1,037,650 from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organizations pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$398,008 and \$253,082 were paid from the Foundation to the National Organization during the years ended August 31, 2020 and 2019, respectively.

Chapters who assist with the organization and 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 \$4,200 and \$6,900, respectively, for the years ended August 31, 2020 and 2019, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows at August 31:

	2020	2019
Due from National Organization	\$ 49,995	\$ 74,697
Due from Other Chapters	3,313	21,872
Total Due from Related Entities	\$ 53,308	\$ 96,569
Due to Other Chapters	\$ 3,962	\$ 2,382
Total Due to Related Entities	\$ 3,962	\$ 2,382

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.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

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 \$61,390 and \$52,827, respectively. There are \$-0- and \$2,000 receivables on these contributions as of August 31, 2020 and 2019, respectively.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	<u>2020</u>	<u>2019</u>
Computer Equipment and Software	\$ 85,376	\$ 79,972
Property and Equipment	137,115	133,396
Leasehold Improvements	<u>160,755</u>	<u>160,755</u>
Total	383,246	374,123
Less: Accumulated Depreciation and Amortization	<u>(179,478)</u>	<u>(126,232)</u>
Property and Equipment, Net	<u><u>\$ 203,768</u></u>	<u><u>\$ 247,891</u></u>

Depreciation and amortization expense totaled \$53,246 and \$29,553, respectively for the years ended August 31, 2020 and 2019.

NOTE 8 LOAN PAYABLE

In April 2019, the Foundation entered into a note payable with a financial institution initially totaling \$43,549. The amount was amended in September 2019 to \$47,267. The note bears interest at 6.9%, requires payments in equal monthly installments of \$921, and matures in April 2024. The remaining principal payments subsequent to August 31, 2020 are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2021	\$ 9,126
2022	9,705
2023	10,320
2024	<u>6,349</u>
Total	<u><u>\$ 35,500</u></u>

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

NOTE 9 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through July 2025. Total rent expense for all operating leases for the years ended August 31, 2020 and 2019 totaled \$109,374 and \$76,126, respectively.

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

<u>Year Ending August 31,</u>	<u>Amount</u>
2021	\$ 133,446
2022	136,513
2023	139,876
2024	143,240
2025	134,199
Total	<u>\$ 687,274</u>

NOTE 10 NET ASSETS

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	<u>\$ 3,276</u>	<u>\$ 262,278</u>
Total Net Assets with Donor Restrictions	<u>\$ 3,276</u>	<u>\$ 262,278</u>

NOTE 11 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. 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 4% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2020 and 2019 were \$41,329 and \$41,438, respectively.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

NOTE 12 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 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 \$552,980 and \$1,052,926 were received from a single donor for the years ended August 31, 2020 and 2019, which represents 13% and 19% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 13 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.

NOTE 14 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal years ending August 31, 2020 and 2019, the Foundation granted 200 and 319 wishes, respectively. As of August 31, 2020 and 2019, respectively, there were approximately 480 and 458 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2020 was \$4,867 in cash and \$4,003 in in-kind for a total cost of \$8,870. The average cost of a wish for the year ended August 31, 2019 was \$6,283 in cash and \$5,037 in in-kind for total cost of \$11,320.

NOTE 15 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 82% of wishes granted and the number of granted travel wishes averaged approximately 276. The number of travel wishes granted in the current year was 115.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

NOTE 15 RISKS AND UNCERTAINTIES (CONTINUED)

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.

From an operational perspective, the Foundation's office closed and transitioned the staff to work from home as of March 16, 2020. The office remains closed. Temporary internal control policies were written to accommodate for the closure.

NOTE 16 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved a \$304,000 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 27, 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. The loan is uncollateralized and is fully guaranteed by the Federal government. The repayment schedule is below.

<u>Year Ending August 31,</u>	<u>Amount</u>
2021	<u>\$ 168,889</u>
2022	<u>135,111</u>
Total	<u><u>\$ 304,000</u></u>

NOTE 17 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 16, 2020, the date at which the financial statements were available to be issued.

