

**MAKE-A-WISH FOUNDATION®
OF MISSOURI AND KANSAS**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2020 AND 2019



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**MAKE-A-WISH FOUNDATION® OF MISSOURI AND KANSAS
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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 Missouri and Kansas
Ballwin, Missouri

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Missouri and Kansas 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 Missouri and Kansas

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 Missouri and Kansas 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

Phoenix, Arizona
January 26, 2021

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

| | 2020 | 2019 |
|--|--------------|--------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 950,800 | \$ 199,800 |
| Investments | 2,438,250 | 2,638,135 |
| Due from Related Entities | 62,001 | 64,083 |
| Prepaid Expenses | 194,139 | 127,402 |
| Contributions Receivable, Net | 307,815 | 384,192 |
| Other Assets | 14,233 | 18,508 |
| Investments Held for Long-Term Purposes | 47,121 | 43,360 |
| Property and Equipment, Net | 13,836 | 32,730 |
| Beneficial Interest in Assets Held by Others | 856,052 | 788,030 |
| | \$ 4,884,247 | \$ 4,296,240 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts Payable and Accrued Expenses | \$ 301,591 | \$ 389,659 |
| Due to Related Entities | 17,754 | 33,609 |
| Deferred Rent | 10,294 | 964 |
| Paycheck Protection Program | 357,200 | - |
| Total Liabilities | 686,839 | 424,232 |
| NET ASSETS | | |
| Without Donor Restrictions | 3,052,898 | 2,717,504 |
| With Donor Restrictions | 1,144,510 | 1,154,504 |
| Total Net Assets | 4,197,408 | 3,872,008 |
| Total Liabilities and Net Assets | \$ 4,884,247 | \$ 4,296,240 |

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MISSOURI AND KANSAS
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|--------------|
| REVENUES, GAINS, AND OTHER SUPPORT | | | |
| Public Support: | | | |
| Contributions | \$ 3,795,709 | \$ 139,197 | \$ 3,934,906 |
| Grants | 74,081 | - | 74,081 |
| Total Public Support | 3,869,790 | 139,197 | 4,008,987 |
| Internal Special Events | 1,341,908 | - | 1,341,908 |
| Less Costs of Direct Benefits to Donors | (103,845) | - | (103,845) |
| Total Internal Special Events | 1,238,063 | - | 1,238,063 |
| Investment Income, Net | 165,757 | 5,174 | 170,931 |
| Other Income, Net | 777 | - | 777 |
| Change in Beneficial Interest in Assets Held by Others | - | 68,022 | 68,022 |
| Net Assets Released from Restrictions | 222,387 | (222,387) | - |
| Total Revenues, Gains, and Other Support | 5,496,774 | (9,994) | 5,486,780 |
| EXPENSES | | | |
| Program Services: | | | |
| Wish Granting | 3,208,806 | - | 3,208,806 |
| Total Program Services | 3,208,806 | - | 3,208,806 |
| Support Services: | | | |
| Fundraising | 1,090,014 | - | 1,090,014 |
| Management and General | 862,560 | - | 862,560 |
| Total Support Services | 1,952,574 | - | 1,952,574 |
| Total Expenses | 5,161,380 | - | 5,161,380 |
| CHANGE IN NET ASSETS | 335,394 | (9,994) | 325,400 |
| Net Assets - Beginning of Year | 2,717,504 | 1,154,504 | 3,872,008 |
| NET ASSETS - END OF YEAR | \$ 3,052,898 | \$ 1,144,510 | \$ 4,197,408 |

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MISSOURI AND KANSAS
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|--------------|
| REVENUES, GAINS, AND OTHER SUPPORT | | | |
| Public Support: | | | |
| Contributions | \$ 4,937,236 | \$ 323,115 | \$ 5,260,351 |
| Grants | 137,081 | - | 137,081 |
| Total Public Support | 5,074,317 | 323,115 | 5,397,432 |
| Internal Special Events | 2,041,211 | - | 2,041,211 |
| Less Costs of Direct Benefits to Donors | (204,784) | - | (204,784) |
| Total Internal Special Events | 1,836,427 | - | 1,836,427 |
| Investment Income, Net | 97,722 | 5,756 | 103,478 |
| Other Income, Net | (8,743) | - | (8,743) |
| Change in Beneficial Interest in Assets Held by Others | - | (41,943) | (41,943) |
| Net Assets Released from Restrictions | 275,368 | (275,368) | - |
| Total Revenues, Gains, and Other Support | 7,275,091 | 11,560 | 7,286,651 |
| EXPENSES | | | |
| Program Services: | | | |
| Wish Granting | 5,416,576 | - | 5,416,576 |
| Total Program Services | 5,416,576 | - | 5,416,576 |
| Support Services: | | | |
| Fundraising | 1,229,690 | - | 1,229,690 |
| Management and General | 802,092 | - | 802,092 |
| Total Support Services | 2,031,782 | - | 2,031,782 |
| Total Expenses | 7,448,358 | - | 7,448,358 |
| CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITIES | (173,267) | 11,560 | (161,707) |
| NONOPERATING ACTIVITIES | | | |
| Asset Acquisition (See Note 1) | 126,991 | 151,351 | 278,342 |
| Total Nonoperating Activities | 126,991 | 151,351 | 278,342 |
| CHANGE IN NET ASSETS | (46,276) | 162,911 | 116,635 |
| Net Assets - Beginning of Year | 2,763,780 | 991,593 | 3,755,373 |
| NET ASSETS - END OF YEAR | \$ 2,717,504 | \$ 1,154,504 | \$ 3,872,008 |

See accompanying Notes to Financial Statements.

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

| | Program Services | | Support Services | | | Direct Donor Benefits | Total |
|---|-------------------------|-------------------------|------------------------|-------------------------|-----------------|-----------------------|-------------------------|
| | Wish Granting | Fundraising | Management and General | Total Support Services | | | |
| Direct Costs of Wishes | \$ 1,905,969 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,905,969 |
| Salaries, Taxes, and Benefits | 849,793 | 757,089 | 600,374 | 1,357,463 | - | - | 2,207,256 |
| Printing, Subscriptions, and Publications | 4,745 | 50,319 | 3,047 | 53,366 | - | - | 58,111 |
| Professional Fees | 4,465 | 17,949 | 143,843 | 161,792 | - | - | 166,257 |
| Rent and Utilities | 24,632 | 21,944 | 17,713 | 39,657 | - | - | 64,289 |
| Postage and Delivery | 9,496 | 3,538 | 338 | 3,876 | - | - | 13,372 |
| Travel | 11,920 | 23,263 | 2,351 | 25,614 | - | - | 37,534 |
| Meetings and Conferences | 12,769 | 24,391 | 15,394 | 39,785 | - | - | 52,554 |
| Office Supplies | 10,936 | 4,620 | 3,157 | 7,777 | - | - | 18,713 |
| Communications | 13,826 | 14,249 | 9,574 | 23,823 | - | - | 37,649 |
| Advertising and Media (Cash) | 246 | 3,826 | - | 3,826 | - | - | 4,072 |
| Advertising and Media (In-Kind) | - | 67,805 | - | 67,805 | - | - | 67,805 |
| Repairs and Maintenance | 3,470 | 3,091 | 2,451 | 5,542 | - | - | 9,012 |
| Membership Dues | 298 | 2,134 | 210 | 2,344 | - | - | 2,642 |
| National Partnership Dues | 328,571 | 41,591 | 45,750 | 87,341 | - | - | 415,912 |
| Miscellaneous | 20,216 | 47,564 | 13,092 | 60,656 | - | - | 80,872 |
| Depreciation and Amortization | 7,454 | 6,641 | 5,266 | 11,907 | - | - | 19,361 |
| Special Event - Direct Donor Benefits | - | - | - | - | 103,845 | - | 103,845 |
| Total | 3,208,806 | 1,090,014 | 862,560 | 1,952,574 | 103,845 | - | 5,265,225 |
| Less Expenses Netted Against Revenues on the Statement of Activities: | | | | | | | |
| Special Event Expenses | - | - | - | - | (103,845) | - | (103,845) |
| Total Expenses Included in the Expense Section of the Statement of Activities | <u>\$ 3,208,806</u> | <u>\$ 1,090,014</u> | <u>\$ 862,560</u> | <u>\$ 1,952,574</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,161,380</u> |

See accompanying Notes to Financial Statements.

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

| | Program Services | Support Services | | | | Total |
|--|------------------|------------------|------------------------|------------------------|-----------------------|------------------|
| | Wish Granting | Fundraising | Management and General | Total Support Services | Direct Donor Benefits | |
| Direct Costs of Wishes | \$ 4,264,056 | \$ - | \$ - | \$ - | \$ - | \$ 4,264,056 |
| Salaries, Taxes, and Benefits | 812,328 | 746,142 | 578,456 | 1,324,598 | - | 2,136,926 |
| Printing, Subscriptions, and Publications | 3,068 | 13,208 | 1,266 | 14,474 | - | 17,542 |
| Professional Fees | 37,477 | 59,341 | 112,225 | 171,566 | - | 209,043 |
| Rent and Utilities | 40,759 | 37,541 | 28,960 | 66,501 | - | 107,260 |
| Postage and Delivery | 13,559 | 3,686 | 684 | 4,370 | - | 17,929 |
| Travel | 17,953 | 41,711 | 9,824 | 51,535 | - | 69,488 |
| Meetings and Conferences | 11,550 | 41,827 | 15,142 | 56,969 | - | 68,519 |
| Office Supplies | 4,869 | 4,319 | 603 | 4,922 | - | 9,791 |
| Communications | 10,798 | 9,985 | 7,645 | 17,630 | - | 28,428 |
| Advertising and Media (In-Kind) | - | 156,450 | - | 156,450 | - | 156,450 |
| Repairs and Maintenance | 7,933 | 7,211 | 5,637 | 12,848 | - | 20,781 |
| Membership Dues | 435 | 1,216 | 309 | 1,525 | - | 1,960 |
| National Partnership Dues | 160,719 | 22,379 | 20,344 | 42,723 | - | 203,442 |
| Miscellaneous | 18,754 | 73,328 | 12,245 | 85,573 | - | 104,327 |
| Depreciation and Amortization | 12,318 | 11,346 | 8,752 | 20,098 | - | 32,416 |
| Special Event - Direct Donor Benefits | - | - | - | - | 204,784 | 204,784 |
| Total | 5,416,576 | 1,229,690 | 802,092 | 2,031,782 | 204,784 | 7,653,142 |
| Less Expenses Netted Against Revenues on the Statement of Activities: | | | | | | |
| Special Event Expenses | - | - | - | - | (204,784) | (204,784) |
| Total Expenses Include in the Expense Section of the Statement of Activities | \$ 5,416,576 | \$ 1,229,690 | \$ 802,092 | \$ 2,031,782 | \$ - | \$ 7,448,358 |

See accompanying Notes to Financial Statements.

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

| | 2020 | 2019 |
|---|-------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 325,400 | \$ 116,635 |
| Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation and Amortization | 19,361 | 32,416 |
| Net Realized and Unrealized Gains on Investments | (111,187) | (87,635) |
| Loss on Disposal of Property and Equipment | 121 | 14,073 |
| Contributed Property and Equipment and Inventory | (2,037) | - |
| Noncash Contribution Related to Asset Acquisitions | - | (20,404) |
| Change in Beneficial Interest in Assets Held by Others | (68,022) | 41,943 |
| Change in Discount to Present Value of Contributions Receivable | 8,597 | (1,368) |
| (Increase) Decrease in Assets: | | |
| Contributions Receivable | 67,780 | (188,120) |
| Due from Related Entities | 2,082 | (2,136) |
| Prepaid Expenses | (66,737) | (93,926) |
| Other Assets | 5,724 | (2,383) |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable and Accrued Expenses | (88,068) | 72,354 |
| Due to Related Entities | (15,855) | 15,681 |
| Deferred Rent | 9,330 | (1,654) |
| Net Cash Provided (Used) by Operating Activities | 86,489 | (104,524) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of Investments | (1,199,010) | (991,554) |
| Proceeds from Sales of Investments | 1,506,321 | 1,216,349 |
| Purchases of Property and Equipment | - | (15,450) |
| Purchase of Beneficial Interest in Assets Held by Others | - | (37,500) |
| Net Cash Provided by Investing Activities | 307,311 | 171,845 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Paycheck Protection Program | 357,200 | - |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 751,000 | 67,321 |
| Cash and Cash Equivalents - Beginning of Year | 199,800 | 132,479 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 950,800 | \$ 199,800 |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION | | |
| Donated Inventory | \$ 1,449 | \$ - |
| Donated Property and Equipment | \$ 588 | \$ - |

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Missouri and Kansas (the Foundation) is a Missouri 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 entered into with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

Effective September 1, 2018 following the adoption of resolutions of the boards of the Foundation and Make-A-Wish Foundation® of Kansas, the National Organization reassigned the responsibility for fulfilling the Make-A-Wish mission with the territory currently assigned to the Make-A-Wish Foundation® of Kansas to the Foundation. The Foundation formally changed its name to Make-A-Wish Foundation® of Missouri and Kansas. An acquisition of \$278,342 as reported on the 2019 statement of activities is due to the transfer of net assets from the Kansas Chapter.

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Property and Equipment, Net

Property and equipment having a unit cost 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 10 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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.

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 restriction 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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.

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 | \$ 638,181 | \$ - | \$ - | \$ 638,181 |
| Professional Services | - | - | 250 | 250 |
| Rent | 3,523 | 3,139 | 2,800 | 9,462 |
| Advertising and Media | - | 67,805 | - | 67,805 |
| Other | 9,626 | 44,777 | 12,333 | 66,736 |
| Total | <u>\$ 651,330</u> | <u>\$ 115,721</u> | <u>\$ 15,383</u> | <u>782,434</u> |
| Special Events | | | | 1,334 |
| Inventory (Asset) | | | | 1,449 |
| Property and Equipment (Capitalized) | | | | 588 |
| Total | | | | <u>\$ 785,805</u> |
| | | | | |
| | <u>Programs</u> | <u>Fundraising</u> | <u>Management and General</u> | <u>Total</u> |
| <u>August 31, 2019</u> | | | | |
| Wish Related | \$ 2,006,169 | \$ - | \$ - | \$ 2,006,169 |
| Rent | 3,478 | 3,203 | 2,471 | 9,152 |
| Advertising and Media | - | 156,450 | - | 156,450 |
| Other | 2,200 | 3,591 | 1,586 | 7,377 |
| Total | <u>\$ 2,011,847</u> | <u>\$ 163,244</u> | <u>\$ 4,057</u> | <u>2,179,148</u> |
| Special Events | | | | 17,991 |
| Total | | | | <u>\$ 2,197,139</u> |

An internal special event is a fundraising 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Advertising and media is used to help the Foundation communicate its message or mission and includes fund raising 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 or public information 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 taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and Section 144.0302(20) of the Revised Statutes of Missouri. 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.

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 the 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 record keeping, 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.

MAKE-A-WISH FOUNDATION® OF MISSOURI AND KANSAS
NOTES TO FINANCIAL STATEMENTS
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent included within other liabilities was \$10,294 and \$964 at August 31, 2020 and 2019, respectively.

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.

Reclassifications

Certain reclassifications were made to the August 31, 2019 financial statements in order to present them in conformity with the August 31, 2020 financial statements. These reclassifications had no impact on net assets as previously reported.

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.

Cash Flows – Noncash Transactions

During the year ended August 31, 2019, the Kansas Chapter was reassigned. The following assets and liabilities were reassigned to the Missouri Kansas Chapter; Inventory (\$4,000), Prepaid Expenses (\$6,601), Property and Equipment, Net (\$20,404), Security Deposits (\$2,288), Deferred Rent (\$5,192), Capital Leases (\$3,462), In-Kind Contributions Receivable (\$111,351), and Investments (\$40,000).

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.

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

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Total Financial Assets | \$ 3,805,987 | \$ 3,329,570 |
| Donor Imposed Restrictions: | | |
| Restricted Funds for Time and Purpose | (241,337) | (323,114) |
| Endowments | <u>(47,121)</u> | <u>(43,360)</u> |
| Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year | <u>\$ 3,517,529</u> | <u>\$ 2,963,096</u> |

Financial Assets include cash and cash equivalents, investments, due from related entities, contributions receivable, and investments held for long-term purposes. 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.

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.

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

MAKE-A-WISH FOUNDATION® OF MISSOURI AND KANSAS
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments

Allocation of Investment Strategies

In addition to traditional stocks and fixed income securities, the Foundation may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity, and real asset strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly. Private equity funds employ buy-out and venture capital strategies and focus on investments in turn-around situations. Real estate funds generally hold interests in public real estate investment trusts (REITS) or commercial real estate through sole-member entities. Private equity and real asset strategies therefore often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Foundation's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.

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 | \$ 246,374 | \$ - | \$ - | \$ - | \$ 246,374 |
| Equity Securities | 1,214,333 | - | - | - | 1,214,333 |
| Certificates of Deposit | - | 749,838 | - | - | 749,838 |
| Debt Securities | - | 123,555 | - | - | 123,555 |
| Cash | - | - | - | 151,271 | 151,271 |
| Total Investments | <u>1,460,707</u> | <u>873,393</u> | <u>-</u> | <u>151,271</u> | <u>2,485,371</u> |
| Beneficial Interest in Trust | - | - | 676,510 | - | 676,510 |
| Beneficial Interest in Assets Held by National | - | - | 179,542 | - | 179,542 |
| Total Assets | <u>\$ 1,460,707</u> | <u>\$ 873,393</u> | <u>\$ 856,052</u> | <u>\$ 151,271</u> | <u>\$ 3,341,423</u> |

MAKE-A-WISH FOUNDATION® OF MISSOURI AND KANSAS
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

| <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 | \$ 150,268 | \$ - | \$ - | \$ - | \$ 150,268 |
| Equity Securities | 1,066,913 | - | - | - | 1,066,913 |
| Certificates of Deposit | - | 889,298 | - | - | 889,298 |
| Debt Securities | - | 321,352 | - | - | 321,352 |
| Cash | - | - | - | 253,664 | 253,664 |
| Total Investments | 1,217,181 | 1,210,650 | - | 253,664 | 2,681,495 |
| Beneficial Interest in Trust | - | - | 623,704 | - | 623,704 |
| Beneficial Interest in Assets Held by National | - | - | 164,326 | - | 164,326 |
| Total Assets | \$ 1,217,181 | \$ 1,210,650 | \$ 788,030 | \$ 253,664 | \$ 3,469,525 |

For the valuation of Certificates of Deposit and Debt Securities at August 31, 2020 and 2019, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

The following table presents a rollforward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the years ended August 31:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Beginning Balance | \$ 788,030 | \$ 790,782 |
| Contributions | - | 37,500 |
| Interest Income | - | 1,691 |
| Change in Value of Beneficial Interest Held by Others | 68,022 | (41,943) |
| Ending Balance | <u>\$ 856,052</u> | <u>\$ 788,030</u> |

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from of 3.00% to 3.37% at August 31, 2020 and at a rate of 3.00% at August 31, 2019. The following is a summary of the Foundation's contributions receivable at August 31:

| | <u>2020</u> | <u>2019</u> |
|---------------------------------|-------------------|-------------------|
| Total Amounts Due in: | | |
| Within One Year | \$ 185,900 | \$ 337,680 |
| One to Five Years | 134,000 | 50,000 |
| Gross Contributions Receivable | 319,900 | 387,680 |
| Less: Discount to Present Value | (12,085) | (3,488) |
| Contributions Receivable, Net | <u>\$ 307,815</u> | <u>\$ 384,192</u> |

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

NOTE 6 SPLIT-INTEREST AGREEMENTS

Beneficial Interest in Trust

The Foundation is a named income beneficiary on a perpetual trust, the corpus of which is not controlled by the management of the Foundation. Under this arrangement, the Foundation has the irrevocable right to receive all or a portion of the income earned on the underlying assets held in perpetuity. Accordingly, permanently restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation received notice that the agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets are recorded in the accompanying statement of activities as a change in value of beneficial interest in assets held by others. During the years ended August 31, 2020 and 2019, respectively, the Foundation's beneficial interest in the trust was \$676,510 and \$623,704.

Beneficial Interest in Assets Held by National

As of August 31, 2016, the Foundation had received a gift for an endowment. As it is received, it is being transferred by the Foundation to the Wishes Forever Endowment Fund at the National Organization. The original corpus is not redeemable by the Foundation at any time. Distributions from earnings will be made by the National Organization to the Foundation according to the National Organizations' Endowment Spending Policy. During the years ended August 31, 2020 and 2019, respectively the Foundation's beneficial interest in this endowment being held by the National Organization was \$179,542 and \$164,326.

NOTE 7 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, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2020 and 2019, respectively, the Foundation received \$1,037,187 and \$1,086,833 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 Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$533,260 and \$504,017 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 \$900 and \$4,050, respectively, for the years ended August 31, 2020 and 2019, which is recorded in the accompanying statements of activities as other income.

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NOTE 7 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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

| | <u>2020</u> | <u>2019</u> |
|---------------------------------|------------------|------------------|
| Due from National Organization | \$ 60,418 | \$ 62,733 |
| Due from Other Chapters | 1,583 | 1,350 |
| Total Due from Related Entities | <u>\$ 62,001</u> | <u>\$ 64,083</u> |
| Due to National Organization | \$ 17,754 | \$ - |
| Due to Other Chapters | - | 33,609 |
| Total Due to Related Entities | <u>\$ 17,754</u> | <u>\$ 33,609</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.

During the years ended August 31, 2020 and 2019, the Foundation received contributions, both cash and in-kind, from board members totaling \$93,019 and \$209,895, respectively.

NOTE 8 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 | \$ 78,936 | \$ 83,573 |
| Leasehold Improvements | 59,316 | 59,316 |
| Office Furniture and Other Equipment | 27,418 | 26,831 |
| Subtotal | 165,670 | 169,720 |
| Less Accumulated Depreciation and Amortization | (151,834) | (136,990) |
| Property and Equipment, Net | <u>\$ 13,836</u> | <u>\$ 32,730</u> |

Depreciation and amortization expense totaled \$19,361 and \$32,416, respectively, for the years ended August 31, 2020 and 2019.

MAKE-A-WISH FOUNDATION® OF MISSOURI AND KANSAS
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 LEASES

The Foundation is obligated under various operating leases for office space and equipment, which expire at various dates through June 2025. Total rent expense for all operating leases for the years ended August 31, 2020 and 2019 totaled \$72,648 and \$116,245, 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>Operating Leases</u> |
|-------------------------------|-----------------------------|
| 2021 | \$ 66,870 |
| 2022 | 63,305 |
| 2023 | 64,220 |
| 2024 | 65,135 |
| 2025 | 54,915 |
| Total Minimum Lease Payments | <u>\$ 314,445</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 | \$ - | \$ 215,931 |
| Grants and Other Restricted Cash | 40,422 | 421 |
| Total | <u>40,422</u> | <u>216,352</u> |
| Subject to Passage of Time: | | |
| Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due | 200,915 | 106,762 |
| Total | <u>200,915</u> | <u>106,762</u> |
| Endowments: | | |
| Subject to Endowment Spending Policy and Appropriation: | | |
| Earnings on Endowment Funds | 7,121 | 3,360 |
| Original Donor-Restricted Gift Amount to be Maintained in Perpetuity: | | |
| Kansas Endowment | 40,000 | 40,000 |
| Total | <u>47,121</u> | <u>43,360</u> |
| Not Subject to Spending Policy or Appropriation: | | |
| Beneficial Interest in Trust | 676,510 | 623,704 |
| Beneficial Interest in Assets Held by National | 179,542 | 164,326 |
| Total | <u>856,052</u> | <u>788,030</u> |
| Total Donor-Restricted Net Assets | <u>\$ 1,144,510</u> | <u>\$ 1,154,504</u> |

MAKE-A-WISH FOUNDATION® OF MISSOURI AND KANSAS
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NOTE 11 ENDOWMENT

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 donor- restricted fund. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets, both donor-restricted and board-designated, are reflected as investments held for long-term purposes on the statements of financial position.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Missouri and Kansas 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:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

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 | \$ - | \$ 47,121 | \$ 47,121 |
| Total Funds | <u>\$ -</u> | <u>\$ 47,121</u> | <u>\$ 47,121</u> |
| <u>August 31, 2019</u> | | | |
| Donor-Restricted Endowment Funds | \$ - | \$ 43,360 | \$ 43,360 |
| Total Funds | <u>\$ -</u> | <u>\$ 43,360</u> | <u>\$ 43,360</u> |

MAKE-A-WISH FOUNDATION® OF MISSOURI AND KANSAS
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

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

| <u>August 31, 2020</u> | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|-------------------------------------|---------------------------------------|------------------------------------|------------------|
| Endowment Funds - Beginning of Year | \$ - | \$ 43,360 | \$ 43,360 |
| Investment Return: | | | |
| Investment Income | - | 5,175 | 5,175 |
| Total Investment Return | - | 5,175 | 5,175 |
| Contributions | - | - | - |
| Appropriation of Endowment | - | (1,414) | (1,414) |
| Endowment Funds - End of Year | <u>\$ -</u> | <u>\$ 47,121</u> | <u>\$ 47,121</u> |
| <u>August 31, 2019</u> | | | |
| Endowment Funds - Beginning of Year | \$ - | \$ - | \$ - |
| Investment Return: | | | |
| Investment Income | - | 3,360 | 3,360 |
| Total Investment Return | - | 3,360 | 3,360 |
| Contributions | - | - | - |
| Transfer of Assets | - | 40,000 | 40,000 |
| Endowment Funds - End of Year | <u>\$ -</u> | <u>\$ 43,360</u> | <u>\$ 43,360</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.

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.

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.

MAKE-A-WISH FOUNDATION® OF MISSOURI AND KANSAS
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NOTE 11 ENDOWMENT (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation does not have a spending policy that mandates specific annual distributions. As operational needs are identified, the board may elect to make distributions from the endowment assets.

NOTE 12 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 six months of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC 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 \$40,264 and \$48,341, respectively.

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 \$217,145 and \$1,137,388 were received from a single donor respectively, for the years ended August 31, 2020 and 2019 which represents 5.4% and 21.1% of total public support. 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.

MAKE-A-WISH FOUNDATION® OF MISSOURI AND KANSAS
NOTES TO FINANCIAL STATEMENTS
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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 205 and 433 wishes, respectively. As of August 31, 2020 and 2019, respectively, there were approximately 450 and 340 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2020 was \$5,393 in cash and \$4,619 in in-kind for a total cost of \$10,012. The average cost of a wish for the year ended August 31, 2019 was \$4,764 in cash and \$4,266 in in-kind for a total cost of \$9,030.

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 414. The number of wishes granted in the current year was 205.

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 and transitioned the staff to work from home as of March 16, 2020. The office reopened on June 1, 2020. Temporary internal control policies were written to accommodate for the closure.

NOTE 17 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved a \$357,200 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. The loan is uncollateralized and is fully guaranteed by the Federal government. Subsequent to year-end, the loan was forgiven.

MAKE-A-WISH FOUNDATION® OF MISSOURI AND KANSAS
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NOTE 18 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 26, 2021, the date at which the financial statements were available to be issued.

