

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



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

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



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of Minnesota  
Minneapolis, Minnesota

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Minnesota, 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 from 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 control 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 control. 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 Minnesota

***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 Minnesota 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 14, 2021

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

	2020	2019
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,195,691	\$ 462,521
Investments	2,283,458	2,644,141
Due from Related Entities	73,708	84,137
Prepaid Expenses	121,161	212,317
Contributions Receivable, Net	351,358	262,271
Other Assets	15,299	9,873
Investments Held for Long-Term Purposes	312,483	293,957
Property and Equipment, Net	44,263	62,076
Total Assets	\$ 4,397,421	\$ 4,031,293
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 118,535	\$ 209,948
Due to Related Entities	24,875	14,970
Deferred Rent	32,954	33,612
Paycheck Protection Program	262,300	-
Total Liabilities	438,664	258,530
<b>NET ASSETS</b>		
Without Donor Restrictions	3,696,729	3,528,192
With Donor Restrictions	262,028	244,571
Total Net Assets	3,958,757	3,772,763
Total Liabilities and Net Assets	\$ 4,397,421	\$ 4,031,293

See accompanying Notes to Financial Statements.

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

	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions	\$ 3,070,832	\$ 242,123	\$ 3,312,955
Grants	64,510	15,000	79,510
Total Public Support	3,135,342	257,123	3,392,465
Internal Special Events	1,009,164	-	1,009,164
Less Costs of Direct Benefits to Donors	(57,170)	-	(57,170)
Total Internal Special Events	951,994	-	951,994
Investment Income, Net	216,334	-	216,334
Other Income	2,403	-	2,403
Net Assets Released from Restrictions	239,666	(239,666)	-
	239,666	(239,666)	-
Total Revenues, Gains, and Other Support	4,545,739	17,457	4,563,196
<b>EXPENSES</b>			
Program Services:			
Wish Granting	2,969,625	-	2,969,625
Total Program Services	2,969,625	-	2,969,625
Support Services:			
Fundraising	819,000	-	819,000
Management and General	588,577	-	588,577
Total Support Services	1,407,577	-	1,407,577
Total Expenses	4,377,202	-	4,377,202
<b>CHANGE IN NET ASSETS</b>	168,537	17,457	185,994
Net Assets - Beginning of Year	3,528,192	244,571	3,772,763
<b>NET ASSETS - END OF YEAR</b>	\$ 3,696,729	\$ 262,028	\$ 3,958,757

See accompanying Notes to Financial Statements.

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

	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions	\$ 3,649,401	\$ 239,237	\$ 3,888,638
Grants	72,025	3,000	75,025
Total Public Support	3,721,426	242,237	3,963,663
Internal Special Events	1,226,366	-	1,226,366
Less Costs of Direct Benefits to Donors	(357,946)	-	(357,946)
Total Internal Special Events	868,420	-	868,420
Investment Income, Net	129,856	-	129,856
Other Income	13,575	-	13,575
Net Assets Released from Restrictions	314,414	(314,414)	-
	5,047,691	(72,177)	4,975,514
<b>EXPENSES</b>			
Program Services:			
Wish Granting	3,734,268	-	3,734,268
Total Program Services	3,734,268	-	3,734,268
Support Services:			
Fundraising	877,749	-	877,749
Management and General	383,310	-	383,310
Total Support Services	1,261,059	-	1,261,059
Total Expenses	4,995,327	-	4,995,327
<b>CHANGE IN NET ASSETS</b>	52,364	(72,177)	(19,813)
Net Assets - Beginning of Year	3,475,828	316,748	3,792,576
<b>NET ASSETS - END OF YEAR</b>	\$ 3,528,192	\$ 244,571	\$ 3,772,763

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services			Direct Donor Benefit	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 2,030,803	\$ -	\$ -	\$ -	\$ -	\$ 2,030,803
Salaries, Taxes, and Benefits	553,080	616,289	410,859	1,027,148	-	1,580,228
Printing, Subscriptions, and Publications	1,223	13,015	1,089	14,104	-	15,327
Professional Fees	3,731	5,989	73,130	79,119	-	82,850
Rent and Utilities	43,252	48,194	32,130	80,324	-	123,576
Postage and Delivery	3,000	8,541	1,590	10,131	-	13,131
Travel	3,674	6,252	5,670	11,922	-	15,596
Meetings and Conferences	59,099	29,357	12,727	42,084	-	101,183
Office Supplies	14,817	1,857	1,005	2,862	-	17,679
Communications	4,049	4,506	2,457	6,963	-	11,012
Advertising and Media (Cash)	-	1,131	-	1,131	-	1,131
Repairs and Maintenance	3,322	4,685	2,468	7,153	-	10,475
Membership Dues	2,006	4,184	247	4,431	-	6,437
National Partnership Dues	232,718	29,458	32,404	61,862	-	294,580
Miscellaneous	7,100	36,904	7,042	43,946	-	51,046
Depreciation and Amortization	7,751	8,638	5,759	14,397	-	22,148
Special Event - Direct Donor Benefits	-	-	-	-	57,170	57,170
<b>Total</b>	<b>2,969,625</b>	<b>819,000</b>	<b>588,577</b>	<b>1,407,577</b>	<b>57,170</b>	<b>4,434,372</b>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(57,170)	(57,170)
<b>Total Expenses Included in the Expense Section of the Statement of Activities</b>	<b>\$ 2,969,625</b>	<b>\$ 819,000</b>	<b>\$ 588,577</b>	<b>\$ 1,407,577</b>	<b>\$ -</b>	<b>\$ 4,377,202</b>

See accompanying Notes to Financial Statements.



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

	Program Services		Support Services		Direct Donor Benefit	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 2,801,998	\$ -	\$ -	\$ -	\$ -	\$ 2,801,998
Salaries, Taxes, and Benefits	633,127	665,046	245,188	910,234	-	1,543,361
Printing, Subscriptions, and Publications	762	15,101	711	15,812	-	16,574
Professional Fees	4,002	9,895	70,676	80,571	-	84,573
Rent and Utilities	47,447	49,761	18,516	68,277	-	115,724
Postage and Delivery	4,692	7,051	941	7,992	-	12,684
Travel	8,677	12,976	4,537	17,513	-	26,190
Meetings and Conferences	30,752	19,196	9,355	28,551	-	59,303
Office Supplies	21,144	2,725	494	3,219	-	24,363
Communications	4,307	5,202	1,858	7,060	-	11,367
Advertising and Media (Cash)	-	2,173	-	2,173	-	2,173
Repairs and Maintenance	4,106	4,531	1,603	6,134	-	10,240
Membership Dues	2,904	4,656	176	4,832	-	7,736
National Partnership Dues	149,221	18,889	20,778	39,667	-	188,888
Miscellaneous	11,443	35,388	4,697	40,085	-	51,528
Bad Debt Expense	-	15,000	-	15,000	-	15,000
Depreciation and Amortization	9,686	10,159	3,780	13,939	-	23,625
Special Event - Direct Donor Benefits	-	-	-	-	357,946	357,946
<b>Total</b>	<b>3,734,268</b>	<b>877,749</b>	<b>383,310</b>	<b>1,261,059</b>	<b>357,946</b>	<b>5,353,273</b>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(357,946)	(357,946)
<b>Total Expenses Included in the Expense Section of the Statement of Activities</b>	<b>\$ 3,734,268</b>	<b>\$ 877,749</b>	<b>\$ 383,310</b>	<b>\$ 1,261,059</b>	<b>\$ -</b>	<b>\$ 4,995,327</b>

See accompanying Notes to Financial Statements.

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

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 185,994	\$ (19,813)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	22,148	23,625
Bad Debt Expense and Other	-	15,000
Net Realized and Unrealized Gains on Investments	(110,797)	(38,092)
Contributed Inventory (Other Assets)	(1,682)	(1,081)
Change in Discount to Present Value of Contributions Receivable	3,389	(1,860)
Changes in Assets and Liabilities:		
Contributions Receivable	(92,476)	115,530
Due from Related Entities	10,429	17,012
Prepaid Expenses	91,156	(166,405)
Other Assets	(3,744)	8,786
Accounts Payable and Accrued Expenses	(91,413)	63,121
Due to Related Entities	9,905	1,900
Deferred Rent	(658)	1,265
Net Cash Provided by Operating Activities	22,251	18,988
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(746,279)	(973,516)
Proceeds from Sales of Investments	1,199,233	700,035
Purchases of Property and Equipment	(4,335)	(8,772)
Net Cash Provided (Used) by Investing Activities	448,619	(282,253)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program	262,300	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	733,170	(263,265)
Cash and Cash Equivalents - Beginning of Year	462,521	725,786
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,195,691	\$ 462,521
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Contributed Inventory (Other Assets)	\$ 1,682	\$ 1,081

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2020**

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of Minnesota (the Foundation) is a Minnesota 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. In addition, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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

**Cash and Cash Equivalents**

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

**Investments**

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

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

**Contributions Receivable**

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in 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 MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment, Net**

Property and equipment having a unit cost greater than \$1,000 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 7 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease. 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 MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2020**

**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. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

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

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

**Revenue Recognition**

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

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

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

**MAKE-A-WISH FOUNDATION® OF MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Foundation received in-kind contributions of assets and 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	\$ 909,887	\$ -	\$ -	\$ 909,887
Other	61,721	18,163	2,159	82,043
Total	<u>\$ 971,608</u>	<u>\$ 18,163</u>	<u>\$ 2,159</u>	991,930
Inventory (Asset)				1,682
Total				<u>\$ 993,612</u>
	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2019</u>				
Wish Related	\$ 1,664,350	\$ -	\$ -	\$ 1,664,350
Professional Services	735	771	287	1,793
Other	34,044	652	3,682	38,378
Total	<u>\$ 1,699,129</u>	<u>\$ 1,423</u>	<u>\$ 3,969</u>	1,704,521
Special Events				78,507
Inventory (Asset)				1,081
Total				<u>\$ 1,783,028</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.

**Income Taxes**

The Foundation is a nonprofit organization exempt from federal income and Minnesota income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Minnesota Statute 290.05. 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 MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 life-threatening medical conditions.

**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 single program or fundraising activity, 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.

**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 \$32,954 and \$33,612, respectively at August 31, 2020 and 2019.

**Management Estimates**

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

**MAKE-A-WISH FOUNDATION® OF MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

	2020	2019
Total Financial Assets	\$ 4,216,698	\$ 3,747,027
Donor Imposed Restrictions:		
Restricted Funds	(262,028)	(244,571)
Internal Designations:		
Board-Designated Endowments	(312,483)	(293,957)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 3,642,187	\$ 3,208,499

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.

**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.



**MAKE-A-WISH FOUNDATION® OF MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2020**

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value of Financial Instruments (Continued)**

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

**Investments**

**Overall Investment Objective**

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

**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.

**MAKE-A-WISH FOUNDATION® OF MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2020**

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

**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:

	(Level 1)	(Level 2)	(Level 3)	Assets Not Held at Fair Value	Total
<u>August 31, 2020</u>					
Mutual Funds	\$ 1,796,321	\$ -	\$ -	\$ -	\$ 1,796,321
Exchange-Traded Funds	143,165	-	-	-	143,165
Equity Securities	255,984	-	-	-	255,984
Debt Securities	-	326,428	-	-	326,428
Cash	-	-	-	74,043	74,043
Total Investments	<u>\$ 2,195,470</u>	<u>\$ 326,428</u>	<u>\$ -</u>	<u>\$ 74,043</u>	<u>\$ 2,595,941</u>
	(Level 1)	(Level 2)	(Level 3)	Assets Not Held at Fair Value	Total
<u>August 31, 2019</u>					
Mutual Funds	\$ 757,118	\$ -	\$ -	\$ -	\$ 757,118
Exchange-Traded Funds	1,394,819	-	-	-	1,394,819
Equity Securities	289,901	-	-	-	289,901
Debt Securities	-	415,397	-	-	415,397
Cash	-	-	-	80,863	80,863
Total Investments	<u>\$ 2,441,838</u>	<u>\$ 415,397</u>	<u>\$ -</u>	<u>\$ 80,863</u>	<u>\$ 2,938,098</u>

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

Contributions receivable include pledges that have been discounted at a rate of 4.13% at August 31, 2020. The Foundation's contributions receivable are due from eight and five donors, respectively. The following is a summary of the Foundation's contributions receivable at August 31:

	2020	2019
Total Amounts Due in:		
Within One Year	\$ 229,747	\$ 262,271
One to Five Years	125,000	-
More than Five Years	-	-
Gross Contributions Receivable	<u>354,747</u>	<u>262,271</u>
Less Allowance for Doubtful Accounts	-	-
Less Discount to Present Value	(3,389)	-
Contributions Receivable, Net	<u>\$ 351,358</u>	<u>\$ 262,271</u>

**MAKE-A-WISH FOUNDATION® OF MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2020**

**NOTE 5 CONTRIBUTIONS RECEIVABLE (CONTINUED)**

The Foundation has entered into an agreement with an airline in which the airline agreed to provide the Foundation with 2,000,000 airline miles monthly through August 16, 2021. These miles will be used in fulfilling wishes. In exchange, the Foundation has agreed to advertise the airline's brand at its various events. The value of the miles will be recognized as income as miles are used to book wish trips.

**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, 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 \$834,725 and \$815,791 from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services it provides to the Foundation. Amounts totaling \$395,379 and \$289,397 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 \$2,400 and \$13,575, 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	\$ 73,708	\$ 79,903
Due from Other Chapters	-	4,234
Total Due from Related Entities	\$ 73,708	\$ 84,137
Due to National Organization	\$ 24,875	\$ 150
Due to Other Chapters	-	14,820
Total Due to Related Entities	\$ 24,875	\$ 14,970

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 MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2020**

**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 \$147,795 and \$152,974, respectively. At August 31, 2020, amounts due from board members totaled \$5,000, and are included in contributions receivable in the accompanying statements of financial position.

**NOTE 7 PROPERTY AND EQUIPMENT, NET**

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

	2020	2019
Computer Equipment and Software	\$ 94,138	\$ 89,802
Office Furniture and Equipment	87,536	87,536
Leasehold Improvements	14,603	14,603
Total	<u>196,277</u>	<u>191,941</u>
Less: Accumulated Depreciation and Amortization	<u>(152,014)</u>	<u>(129,865)</u>
Property and Equipment, Net	<u>\$ 44,263</u>	<u>\$ 62,076</u>

Depreciation and amortization expense totaled \$22,148 and \$23,625, respectively, for the years ended August 31, 2020 and 2019.

**NOTE 8 LEASES**

The Foundation is obligated under one operating lease for offices, which expires July 31, 2025. Total rent expense for the operating lease for the years ended August 31, 2020 and 2019 totaled \$76,287 and \$64,456, 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	\$ 67,092
2022	69,125
2023	71,212
2024	73,354
2025	69,083
Total	<u>\$ 349,866</u>

**MAKE-A-WISH FOUNDATION® OF MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2020**

**NOTE 9 NET ASSETS**

**Net Assets Without Donor Restrictions**

Board-designated net assets consist of the following at August 31:

	2020	2019
Board-Designated Endowment Funds	\$ 312,483	\$ 293,957
Total Board-Designated Net Assets	\$ 312,483	\$ 293,957

**Net Assets With Donor Restrictions**

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

	2020	2019
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ -	\$ 239,237
Program Services Grant	15,000	3,000
Total	15,000	242,237
Subject to Passage of Time:		
Promises to Give	247,028	2,334
Total Donor Restricted Net Assets	\$ 262,028	\$ 244,571

**NOTE 10 ENDOWMENTS**

The Foundation has established a board restricted endowment with the proceeds of an unrestricted bequest from a single donor.

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

The Foundation's endowment consists of one fund designated by the board of directors to function as an endowment. Net assets associated with endowment funds, including fund 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 are reflected as investments held for long-term purposes on the statements of financial position.

**MAKE-A-WISH FOUNDATION® OF MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2020**

**NOTE 10 ENDOWMENTS (CONTINUED)**

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

	Without Donor Restrictions	With Donor Restrictions	Total
August 31, 2020			
Board-Designated Endowment Funds	\$ 312,483	\$ -	\$ 312,483
August 31, 2019			
Board-Designated Endowment Funds	\$ 293,957	\$ -	\$ 293,957

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

	Without Donor Restrictions	With Donor Restrictions	Total
August 31, 2020			
Endowment Net Assets - Beginning of Year	\$ 293,957	\$ -	\$ 293,957
Investment Return:			
Investment Income	5,453		5,453
Net Appreciation (Realized and Unrealized)	20,649	-	20,649
Total Investment Return	26,102	-	26,102
Other Changes:			
Distribution from Board-Designated Pursuant to Distribution Policy	(7,576)	-	(7,576)
Endowment Net Assets - End of Year	\$ 312,483	\$ -	\$ 312,483
August 31, 2019			
Endowment Net Assets - Beginning of Year	\$ 166,179	\$ -	\$ 166,179
Investment Return:			
Investment Income	2,457	-	2,457
Net Appreciation (Realized and Unrealized)	287	-	287
Total Investment Return	2,744	-	2,744
Contributions	125,034	-	125,034
Endowment Net Assets - End of Year	\$ 293,957	\$ -	\$ 293,957

**MAKE-A-WISH FOUNDATION® OF MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2020**

**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 IRC 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 \$46,726 and \$41,562, respectively.

**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 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 \$193,670 and \$553,279 were received from a single donor, respectively, for the years ended August 31, 2020 and 2019, which represents 6% and 14% of total public support. Cash contributions totaling \$375,000 were received from a single donor for the year ended August 31, 2020 which represents 11% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

**NOTE 13 COMMITMENTS**

The goal of the Foundation is to grant the wish of every eligible child. During the years ending August 31, 2020 and 2019, the Foundation granted 160 and 265 wishes, respectively. As of August 31, 2020 and 2019, respectively, there were approximately 340 and 310 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2020 was \$5,352 in cash and \$7,041 in in-kind for a total cost of \$12,393. The average cost of a wish for the year ended August 31, 2019 was \$4,800 in cash and \$7,142 in in-kind for a total cost of \$11,942.

**MAKE-A-WISH FOUNDATION® OF MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2020**

**NOTE 14 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 77% of wishes granted and the number of granted wishes averaged approximately 261. The number of wishes granted in the current year was 160.

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

From an operational perspective, the Foundation's office closed and transitioned the staff to work from home as of March 23, 2020. The office has been partially opened. Temporary internal control policies were written to accommodate for the closure.

**NOTE 15 PAYCHECK PROTECTION PROGRAM**

The Foundation applied for and was approved a \$262,300 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	\$ 145,237
2022	117,063
Total	<u>\$ 262,300</u>

**NOTE 16 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through January 14, 2021, the date at which the financial statements were available to be issued.



