

**MAKE-A-WISH FOUNDATION® OF
EASTERN NORTH CAROLINA**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2020 AND 2019



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**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Eastern North Carolina
Raleigh, North Carolina

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
Make-A-Wish Foundation® of Eastern North Carolina

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 Eastern North Carolina as of August 31, 2020 and 2019 and change in its net assets and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
February 22, 2021

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

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 528,023	\$ 382,470
Investments	427,099	417,904
Due from Related Entities	171,588	51,295
Prepaid Expenses	53,396	57,062
Contributions Receivable, Net	-	391,538
Other Assets	16,177	25,998
Property and Equipment, Net	16,040	25,211
Total Assets	\$ 1,212,323	\$ 1,351,478
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 16,569	\$ 75,215
Due to Related Entities	15,043	7,708
Deferred Rent	33,910	33,287
Capital Lease Obligations	7,552	10,806
Paycheck Protection Program	170,600	-
Total Liabilities	243,674	127,016
NET ASSETS		
Without Donor Restrictions	917,149	825,425
With Donor Restrictions	51,500	399,037
Total Net Assets	968,649	1,224,462
Total Liabilities and Net Assets	\$ 1,212,323	\$ 1,351,478

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 1,771,322	\$ -	\$ 1,771,322
Grants	32,754	50,000	82,754
Total Public Support	1,804,076	50,000	1,854,076
Internal Special Events	579,441	-	579,441
Less Costs of Direct Benefits to Donors	(24,433)	-	(24,433)
Total Internal Special Events	555,008	-	555,008
Investment Income, Net	4,728	-	4,728
Other Income	2,150	-	2,150
Net Assets Released from Restrictions	397,537	(397,537)	-
Total Revenues, Gains, and Other Support	2,763,499	(347,537)	2,415,962
EXPENSES			
Program Services:			
Wish Granting	1,804,415	-	1,804,415
Total Program Services	1,804,415	-	1,804,415
Support Services:			
Fundraising	557,070	-	557,070
Management and General	310,290	-	310,290
Total Support Services	867,360	-	867,360
Total Expenses	2,671,775	-	2,671,775
CHANGE IN NET ASSETS	91,724	(347,537)	(255,813)
Net Assets - Beginning of Year	825,425	399,037	1,224,462
NET ASSETS - END OF YEAR	\$ 917,149	\$ 51,500	\$ 968,649

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 2,379,911	\$ 391,538	\$ 2,771,449
Grants	142,615	6,000	148,615
Total Public Support	2,522,526	397,538	2,920,064
Internal Special Events	977,902	-	977,902
Less Costs of Direct Benefits to Donors	(224,492)	-	(224,492)
Total Internal Special Events	753,410	-	753,410
Investment Income, Net	5,244	-	5,244
Other Income	1,800	-	1,800
Net Assets Released from Restrictions	317,762	(317,762)	-
	3,600,742	79,776	3,680,518
EXPENSES			
Program Services:			
Wish Granting	2,381,155	-	2,381,155
Total Program Services	2,381,155	-	2,381,155
Support Services:			
Fundraising	717,342	-	717,342
Management and General	196,318	-	196,318
Total Support Services	913,660	-	913,660
Total Expenses	3,294,815	-	3,294,815
OTHER GAINS			
Gains on Sale of Equipment	33	-	33
Total Other Gains	33	-	33
CHANGE IN NET ASSETS	305,960	79,776	385,736
Net Assets - Beginning of Year	519,465	319,261	838,726
NET ASSETS - END OF YEAR	\$ 825,425	\$ 399,037	\$ 1,224,462

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA
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	\$ 1,132,078	\$ -	\$ -	\$ -	\$ -	\$ 1,132,078
Salaries, Taxes, and Benefits	438,911	396,038	185,775	581,813	-	1,020,724
Printing, Subscriptions, and Publications	2,914	9,037	819	9,856	-	12,770
Professional Fees	451	9,130	61,439	70,569	-	71,020
Rent and Utilities	44,701	40,335	18,933	59,268	-	103,969
Postage and Delivery	888	1,408	202	1,610	-	2,498
Travel	1,362	8,462	6,167	14,629	-	15,991
Meetings and Conferences	29	22,903	3,461	26,364	-	26,393
Office Supplies	321	397	1,146	1,543	-	1,864
Communications	3,876	3,307	2,337	5,644	-	9,520
Advertising and Media (Cash)	-	3,298	-	3,298	-	3,298
Repairs and Maintenance	431	389	201	590	-	1,021
Membership Dues	4	118	2	120	-	124
National Partnership Dues	166,342	21,056	23,161	44,217	-	210,559
Miscellaneous	7,390	36,936	4,651	41,587	-	48,977
Depreciation and Amortization	4,717	4,256	1,996	6,252	-	10,969
Special Event - Direct Donor Benefits	-	-	-	-	24,433	24,433
Total Expenses by Function	<u>1,804,415</u>	<u>557,070</u>	<u>310,290</u>	<u>867,360</u>	<u>24,433</u>	<u>2,696,208</u>
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,433)</u>	<u>(24,433)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,804,415</u>	<u>\$ 557,070</u>	<u>\$ 310,290</u>	<u>\$ 867,360</u>	<u>\$ -</u>	<u>\$ 2,671,775</u>

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 1,839,531	\$ -	\$ -	\$ -	\$ -	\$ 1,839,531
Salaries, Taxes, and Benefits	367,164	521,760	77,298	599,058	-	966,222
Printing, Subscriptions, and Publications	83	11,639	228	11,867	-	11,950
Professional Fees	1,365	10,776	81,733	92,509	-	93,874
Rent and Utilities	39,345	55,911	8,303	64,214	-	103,559
Postage and Delivery	1,607	1,296	370	1,666	-	3,273
Travel	5,121	13,955	3,559	17,514	-	22,635
Meetings and Conferences	2,468	18,337	4,225	22,562	-	25,030
Office Supplies	1,016	3,261	2,853	6,114	-	7,130
Communications	4,054	5,456	808	6,264	-	10,318
Advertising and Media (Cash)	-	1,129	-	1,129	-	1,129
Advertising and Media (In-Kind)	-	415	-	415	-	415
Repairs and Maintenance	377	858	79	937	-	1,314
Membership Dues	67	9,225	14	9,239	-	9,306
National Partnership Dues	106,616	14,845	13,496	28,341	-	134,957
Miscellaneous	8,227	42,633	2,486	45,119	-	53,346
Depreciation and Amortization	4,114	5,846	866	6,712	-	10,826
Special Event - Direct Donor Benefits	-	-	-	-	224,792	224,792
Total Expenses by Function	<u>2,381,155</u>	<u>717,342</u>	<u>196,318</u>	<u>913,660</u>	<u>224,792</u>	<u>3,519,607</u>
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(224,792)</u>	<u>(224,792)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,381,155</u>	<u>\$ 717,342</u>	<u>\$ 196,318</u>	<u>\$ 913,660</u>	<u>\$ -</u>	<u>\$ 3,294,815</u>

See accompanying Notes to Financial Statements.

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (255,813)	\$ 385,736
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	10,969	10,826
Net Realized and Unrealized (Gains) Losses on Investments	76	(743)
(Gain) on Sale of Property and Equipment	-	(33)
Contributed Property and Equipment and Inventory	-	(5,559)
(Increase) Decrease in Assets:		
Contributions Receivable	391,538	(99,576)
Due from Related Entities	(120,293)	(14,518)
Prepaid Expenses	3,666	(38,885)
Other Assets	9,821	828
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(58,646)	15,872
Due to Related Entities	7,335	(10,308)
Deferred Rent	623	3,583
Net Cash Provided (Used) by Operating Activities	(10,724)	247,223
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(19,546)	(408,477)
Proceeds from Sales of Investments	10,275	-
Purchases of Property and Equipment	(1,798)	(2,932)
Proceeds from Sale of Property and Equipment	-	2,247
Net Cash Used by Investing Activities	(11,069)	(409,162)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(3,254)	(5,363)
Proceeds from Paycheck Protection Program Loan	170,600	-
Net Cash Provided (Used) by Financing Activities	167,346	(5,363)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	145,553	(167,302)
Cash and Cash Equivalents - Beginning of Year	382,470	549,772
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 528,023	\$ 382,470
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest Expense	\$ 653	\$ 900
Contributed Property and Inventory	\$ -	\$ 5,559

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Cash and Cash Equivalents

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

Investments

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

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

Contributions Receivable

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in 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 EASTERN NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

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

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

Fair Value Measurements

Fair value measurements of financial assets and financial liabilities and fair value measurements of nonfinancial items are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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	\$ 236,935	\$ -	\$ -	\$ 236,935
Other	270	9,163	15	9,447
Total	<u>\$ 237,204</u>	<u>\$ 9,163</u>	<u>\$ 15</u>	246,382
Special Events				1,400
Total				<u>\$ 247,782</u>
 <u>August 31, 2019</u>				
Wish Related	\$ 1,083,701	\$ -	\$ -	\$ 1,083,701
Professional Services	-	-	1,800	1,800
Advertising and Media	-	415	-	415
Other	552	1,121	2,587	4,260
Total	<u>\$ 1,084,253</u>	<u>\$ 1,536</u>	<u>\$ 4,387</u>	1,090,176
Special Events				1,774
Inventory				5,559
Total				<u>\$ 1,097,509</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.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and North Carolina income or franchise taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Chapter 55A of the General Statutes of North Carolina. 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 a specific programs or fundraising activities, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

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

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 \$33,910 and \$33,287, respectively at August 31, 2020 and 2019.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates

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

Change in Accounting Principle

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

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

NOTE 3 LIQUIDITY AND AVAILABILITY

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

	2020	2019
Total Financial Assets	\$ 1,126,710	\$ 1,243,207
Donor-Imposed Restrictions:		
Restricted Funds	(51,500)	(399,037)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,075,210	\$ 844,170

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

As part of the Foundation’s liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds.

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

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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 of directors, which oversees the Foundation's investment program in accordance with established guidelines.

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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>					
Assets					
Investments:					
Mutual Funds	\$ 9,559	\$ -	\$ -	\$ -	\$ 9,559
Money Market Funds	-	-	-	412,903	412,903
Cash	-	-	-	4,637	4,637
Total Assets	<u>\$ 9,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 417,540</u>	<u>\$ 427,099</u>
	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2019</u>					
Assets					
Investments:					
Mutual Funds	\$ 9,567	\$ -	\$ -	\$ -	\$ 9,567
Money Market Funds	-	-	-	408,331	408,331
Cash	-	-	-	6	6
Total Assets	<u>\$ 9,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 408,337</u>	<u>\$ 417,904</u>

NOTE 5 CONTRIBUTIONS RECEIVABLE

The Foundation had no contributions receivable as of August 31, 2020. As of August 31, 2019, there was \$391,538 due from one donor. All contributions receivable are due within the next 12 months. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2020 and 2019.

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 \$571,255 and \$510,625 from these national revenue streams.

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NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

As part of the National Organization’s Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation received \$-0- and \$100,000 during the years ended August 31, 2020 and 2019, respectively.

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 \$273,408 and \$210,899 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 \$2,150 and \$1,800, 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:

	<u>2020</u>	<u>2019</u>
Due from National Organization	<u>\$ 171,588</u>	<u>\$ 51,295</u>
Total Due from Related Entities	<u>\$ 171,588</u>	<u>\$ 51,295</u>
Due to National Organization	\$ 15,043	\$ 15
Due to Other Chapters	-	7,693
Total Due to Related Entities	<u>\$ 15,043</u>	<u>\$ 7,708</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 \$81,687 and \$156,790, respectively. There were no amounts due from board members as of August 31, 2020 and 2019.

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NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2020	2019
Computer Equipment and Software	\$ 59,897	\$ 58,099
Office Furniture and Equipment	44,864	44,864
Leasehold Improvements	8,762	8,762
Total	113,523	111,725
Less: Accumulated Depreciation and Amortization	(97,483)	(86,514)
Property and Equipment, Net	\$ 16,040	\$ 25,211

Depreciation and amortization expense totaled \$10,969 and \$10,826, respectively for the years ended August 31, 2020 and 2019.

NOTE 8 LEASES

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through December 31, 2024. As of August 31, 2020 and 2019, the cost of leased property and equipment under capital leases was \$16,440 and accumulated depreciation was \$9,590 and \$6,302, respectively. Total rent expense for all operating leases for the years ended August 31, 2020 and 2019 totaled \$103,969 and \$104,873, respectively.

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

<u>Year Ending August 31:</u>	Operating Leases	Capital Leases
2021	\$ 105,415	\$ 3,906
2022	108,555	3,906
2023	111,788	326
2024	114,543	-
2025	39,069	-
Total Minimum Lease Payments	479,370	8,139
Less Amounts Representing Interest	-	(587)
Present Value of Net Minimum Lease Payments	\$ 479,370	\$ 7,552

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NOTE 9 NET ASSETS

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	\$ 1,500	\$ 399,037
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but which are Unavailable for Expenditure Until Due	50,000	-
Total Donor-Restricted Net Assets	\$ 51,500	\$ 399,037

NOTE 10 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 three months of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code limitations. The Foundation matches employee contributions up to 3% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2020 and 2019 were \$12,053 and \$15,360, respectively.

NOTE 11 CONCENTRATIONS OF CREDIT RISK

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

In-kind contributions totaling \$76,038 and \$746,503 were received from a single donor, respectively, for the years ended August 31, 2020 and 2019, which represents 4% and 26% of total public support. For the year ended August 31, 2020, cash contributions of \$211,000 were received from a single donor, which represents 11% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

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NOTE 12 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 121 and 195 wishes, respectively. As of August 31, 2020 and 2019, respectively, there were approximately 448 and 365 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2020 was \$4,685 in cash and \$5,310 in in-kind for a total cost of \$9,995. The average cost of a wish for the year ended August 31, 2019 was \$4,250 in cash and \$5,176 in in-kind for a total cost of \$9,426.

NOTE 13 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 83% of wishes granted and the number of granted wishes averaged approximately 191. The number of wishes granted in the current year was 121.

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 13, 2020. The office has been partially opened. Temporary internal control policies were written to accommodate for the closure.

NOTE 14 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved a \$170,600 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 May 1, 2020. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. 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	\$ 85,411
2022	85,189
Total	<u>\$ 170,600</u>

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NOTE 14 PAYCHECK PROTECTION PROGRAM (CONTINUED)

Subsequent to year end, on December 1, 2020, the full balance of this loan was forgiven.

On February 16, 2021 the Foundation applied for and was approved a \$170,969 loan under the second round of the Paycheck Protection Program. The loan accrues interest at 1%, but payments are not required to begin until the earlier of the forgiveness deadline date or a month after the deferral period.

NOTE 15 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through February 22, 2021, the date at which the financial statements were available to be issued.