

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



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of Southern Nevada  
Las Vegas, Nevada

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Southern Nevada 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 Southern Nevada

***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 Southern Nevada 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**

Phoenix, Arizona  
March 3, 2021

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

	2020	2019
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 713,575	\$ 299,144
Investments	3,133,054	2,867,689
Due from Related Entities	25,497	65,841
Prepaid Expenses	132,240	89,835
Contributions Receivable, Net	-	96,365
In-Kind Rent Receivable, Net of Discount	192,232	334,086
Accounts Receivable	7,120	18,409
Other Assets	8,635	5,226
Property and Equipment, Net	58,034	90,441
Total Assets	\$ 4,270,387	\$ 3,867,036
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 158,839	\$ 271,121
Due to Related Entities	1,351	12,665
Capital Lease Obligations	12,049	15,264
Paycheck Protection Program	200,000	-
Total Liabilities	372,239	299,050
<b>NET ASSETS</b>		
Without Donor Restrictions	3,700,701	3,127,775
With Donor Restrictions	197,447	440,211
Total Net Assets	3,898,148	3,567,986
Total Liabilities and Net Assets	\$ 4,270,387	\$ 3,867,036

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions	\$ 1,889,604	\$ -	\$ 1,889,604
Grants	298,376	-	298,376
Total Public Support	2,187,980	-	2,187,980
Internal Special Events	1,373,116	-	1,373,116
Less: Costs of Direct Benefits to Donors	(267,558)	-	(267,558)
Total Internal Special Events	1,105,558	-	1,105,558
Investment Income, Net	268,357	-	268,357
Other Income	4,050	-	4,050
Net Assets Released from Restrictions	242,764	(242,764)	-
	3,808,709	(242,764)	3,565,945
<b>EXPENSES</b>			
Program Services:			
Wish Granting	2,089,710	-	2,089,710
Total Program Services	2,089,710	-	2,089,710
Support Services:			
Fundraising	625,913	-	625,913
Management and General	520,160	-	520,160
Total Support Services	1,146,073	-	1,146,073
Total Expenses	3,235,783	-	3,235,783
<b>CHANGE IN NET ASSETS</b>	572,926	(242,764)	330,162
Net Assets - Beginning of Year	3,127,775	440,211	3,567,986
<b>NET ASSETS - END OF YEAR</b>	\$ 3,700,701	\$ 197,447	\$ 3,898,148

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions	\$ 2,649,769	\$ 96,763	\$ 2,746,532
Grants	288,450	20,000	308,450
Total Public Support	2,938,219	116,763	3,054,982
Internal Special Events	1,080,167	-	1,080,167
Less: Costs of Direct Benefits to Donors	(175,825)	-	(175,825)
Total Internal Special Events	904,342	-	904,342
Investment Income, Net	16,807	-	16,807
Other Income	9,758	-	9,758
Net Assets Released from Restrictions	169,386	(169,386)	-
Total Revenues, Gains, and Other Support	4,038,512	(52,623)	3,985,889
<b>EXPENSES</b>			
Program Services:			
Wish Granting	2,820,955	-	2,820,955
Total Program Services	2,820,955	-	2,820,955
Support Services:			
Fundraising	595,236	-	595,236
Management and General	428,171	-	428,171
Total Support Services	1,023,407	-	1,023,407
Total Expenses	3,844,362	-	3,844,362
<b>CHANGE IN NET ASSETS</b>	194,150	(52,623)	141,527
Net Assets - Beginning of Year	2,933,625	492,834	3,426,459
<b>NET ASSETS - END OF YEAR</b>	\$ 3,127,775	\$ 440,211	\$ 3,567,986

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF SOUTHERN NEVADA**  
**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	\$ 889,835	\$ -	\$ -	\$ -	\$ -	\$ 889,835
Salaries, Taxes, and Benefits	856,114	295,607	301,490	597,097	-	1,453,211
Printing, Subscriptions, and Publications	3,080	11,488	1,107	12,595	-	15,675
Professional Fees	29,552	48,964	84,565	133,529	-	163,081
Rent and Utilities	89,377	30,804	31,973	62,777	-	152,154
Postage and Delivery	3,730	2,173	612	2,785	-	6,515
Travel	1,268	2,453	6,190	8,643	-	9,911
Meetings and Conferences	3,295	11,634	9,996	21,630	-	24,925
Office Supplies	13,119	5,137	2,866	8,003	-	21,122
Communications	7,476	3,025	2,532	5,557	-	13,033
Advertising and Media (Cash)	-	7,425	-	7,425	-	7,425
Advertising and Media (In-Kind)	-	111,602	-	111,602	-	111,602
Membership Dues	-	-	1,398	1,398	-	1,398
National Partnership Dues	145,991	50,316	51,555	101,871	-	247,862
Miscellaneous	20,837	36,321	16,677	52,998	-	73,835
Depreciation and Amortization	26,036	8,964	9,199	18,163	-	44,199
Special Event - Direct Donor Benefits	-	-	-	-	267,558	267,558
Total	<u>2,089,710</u>	<u>625,913</u>	<u>520,160</u>	<u>1,146,073</u>	<u>267,558</u>	<u>3,503,341</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(267,558)</u>	<u>(267,558)</u>
 Total Expenses Included in the Expense Section of the Statement of Activities	<u><u>\$ 2,089,710</u></u>	<u><u>\$ 625,913</u></u>	<u><u>\$ 520,160</u></u>	<u><u>\$ 1,146,073</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,235,783</u></u>

See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION® OF SOUTHERN NEVADA**  
**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	\$ 1,623,064	\$ -	\$ -	\$ -	\$ -	\$ 1,623,064
Salaries, Taxes, and Benefits	798,014	289,665	242,077	531,742	-	1,329,756
Printing, Subscriptions, and Publications	8,425	11,405	4,017	15,422	-	23,847
Professional Fees	30,423	52,388	92,352	144,740	-	175,163
Rent and Utilities	92,723	33,631	30,030	63,661	-	156,384
Postage and Delivery	5,204	3,160	758	3,918	-	9,122
Travel	3,511	5,435	6,718	12,153	-	15,664
Meetings and Conferences	35,433	31,273	15,250	46,523	-	81,956
Office Supplies	22,010	9,246	4,681	13,927	-	35,937
Communications	7,794	3,614	2,070	5,684	-	13,478
Advertising and Media (Cash)	2,213	3,027	-	3,027	-	5,240
Advertising and Media (In-Kind)	-	95,330	64	95,394	-	95,394
Membership Dues	480	174	934	1,108	-	1,588
National Partnership Dues	127,858	17,803	16,185	33,988	-	161,846
Miscellaneous	35,806	28,930	4,603	33,533	-	69,339
Depreciation and Amortization	27,997	10,155	8,432	18,587	-	46,584
Special Event - Direct Donor Benefits	-	-	-	-	175,825	175,825
Total	<u>2,820,955</u>	<u>595,236</u>	<u>428,171</u>	<u>1,023,407</u>	<u>175,825</u>	<u>4,020,187</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(175,825)</u>	<u>(175,825)</u>
 Total Expenses Included in the Expense Section of the Statement of Activities	<u><u>\$ 2,820,955</u></u>	<u><u>\$ 595,236</u></u>	<u><u>\$ 428,171</u></u>	<u><u>\$ 1,023,407</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,844,362</u></u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF SOUTHERN NEVADA**  
**STATEMENTS OF CASH FLOWS**  
**YEAR ENDED AUGUST 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 330,162	\$ 141,527
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	44,199	46,584
Gain on Sale of Property and Equipment	-	(307)
Net Realized and Unrealized Losses on Investments	(225,860)	43,610
Contributed Inventory	(1,604)	(4,531)
Change in In-Kind Receivable	147,579	142,249
Change in Discount of Present Value of Contributions Receivable	(5,725)	(8,586)
(Increase) Decrease in Assets:		
Contributions Receivable	96,365	(80,646)
Accounts Receivable	11,289	(18,409)
Due from Related Entities	40,344	12,881
Prepaid Expenses	(42,405)	(70,160)
Other Assets	(3,409)	15,776
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(112,282)	(69,548)
Due to Related Entities	(11,314)	(2,047)
Net Cash Provided by Operating Activities	267,339	148,393
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(55,872)	(473,229)
Proceeds from Sales of Investments	16,367	140,828
Purchases of Property and Equipment	(10,188)	(4,173)
Proceeds from Sale of Property and Equipment	-	1,933
Net Cash Used by Investing Activities	(49,693)	(334,641)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease Obligations	(3,215)	(4,741)
Proceeds from Paycheck Protection Program	200,000	-
Net Cash Provided (Used) by Financing Activities	196,785	(4,741)
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	414,431	(190,989)
Cash and Cash Equivalents - Beginning of Year	299,144	490,133
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 713,575	\$ 299,144
 <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 1,105	\$ 1,165
Contributed Inventory	\$ 1,604	\$ 4,531
Acquisition of Equipment with a Capital Lease	\$ -	\$ 17,755

See accompanying Notes to Financial Statements.

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

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of Southern Nevada (the Foundation) is a Nevada 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 SOUTHERN NEVADA**  
**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 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 lives of the assets or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

**Fair Value Measurements**

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

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

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

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

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

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

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

**Net Assets**

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

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

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from 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.

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 SOUTHERN NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

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

**Revenue Recognition (Continued)**

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

	<u>Program</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2020</u>				
Wish Related	\$ 366,950	\$ -	\$ -	\$ 366,950
Professional Services	9,869	2,286	7,040	19,195
Rent	2,303	1,287	570	4,160
Advertising and Media	-	111,602	-	111,602
Other	1,415	4,506	7,130	13,051
Total	<u>\$ 380,537</u>	<u>\$ 119,681</u>	<u>\$ 14,740</u>	514,958
Special Events				222,521
In-Kind Rent Receivable				5,719
Property and Equipment (Capitalized)				1,604
Total				<u>\$ 744,802</u>
<u>August 31, 2019</u>				
Wish Related	\$ 851,956	\$ -	\$ -	\$ 851,956
Professional Services	7,681	10,191	8,356	26,228
Rent	3,978	1,443	1,198	6,619
Advertising and Media	-	95,330	64	95,394
Other	25,597	8,446	4,764	38,807
Total	<u>\$ 889,212</u>	<u>\$ 115,410</u>	<u>\$ 14,382</u>	1,019,004
Special Events				113,106
Inventory (Asset)				4,531
Total				<u>\$ 1,136,641</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 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 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 SOUTHERN NEVADA**  
**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 Nevada taxes under the provisions of Internal Revenue Code Section 501(c)(3) and the Nevada Revised Statutes. 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 specific programs or fundraising activities, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

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

**Management Estimates**

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

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

**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.

Total Financial Assets	<u>2020</u> \$ 3,879,246	<u>2019</u> \$ 3,347,448
Donor-Imposed Restrictions:		
Restricted Funds	<u>(197,447)</u>	<u>(440,211)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 3,681,799</u>	<u>\$ 2,907,237</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.

**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.



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

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

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

**Investments**

**Allocation of Investment Strategies**

At August 31, 2020 and 2019, all of the Foundations' investments were held in either exchange-traded bond funds, exchange traded real estate, U.S. corporate equity securities, foreign equity securities, and hedge funds.

**Fair Value Hierarchy**

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

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Assets Not Held at Fair Value</u>	<u>Total</u>
<b>August 31, 2020</b>					
Investments:					
Exchange-Traded Funds	\$ 696,197	\$ -	\$ -	\$ -	\$ 696,197
Equity Securities	2,306,580	-	-	-	2,306,580
Cash	-	-	-	130,277	130,277
Total	<u>\$ 3,002,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,277</u>	<u>\$ 3,133,054</u>

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

**Fair Value Hierarchy (Continued)**

	(Level 1)	(Level 2)	(Level 3)	Assets Not Held at Fair Value	Total
<u>August 31, 2019</u>					
Investments:					
Exchange-Traded Funds	\$ 682,972	\$ -	\$ -	\$ -	\$ 682,972
Equity Securities	2,000,030	-	-	-	2,000,030
Cash	-	-	-	184,687	184,687
Total	<u>\$ 2,683,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,687</u>	<u>\$ 2,867,689</u>

**NOTE 5 CONTRIBUTIONS AND IN-KIND RECEIVABLE**

The Foundation received an unconditional promise to give on January 31, 2017 for in-kind rent with an estimated fair market value of \$725,487. This unconditional promise to give was recorded at present value of the estimated fair value of the rents using a discount rate of 2.1%.

The following is a summary of the Foundation's contributions and in-kind receivable August 31:

	Contribution Receivable	In-Kind Rent Receivable	Totals
<u>August 31, 2020</u>			
Total Amounts Due in:			
One Year	\$ -	\$ 151,098	\$ 151,098
Two to Five Years	-	43,758	43,758
Gross Contributions Receivable	-	194,856	194,856
Less: Discount to Present Value	-	(2,624)	(2,624)
Contributions Receivable, Net	<u>\$ -</u>	<u>\$ 192,232</u>	<u>\$ 192,232</u>
<u>August 31, 2019</u>			
Total Amounts Due in:			
One Year	\$ 96,365	\$ 147,579	\$ 243,944
Two to Five Years	-	194,856	194,856
Gross Contributions Receivable	96,365	342,435	438,800
Less: Discount to Present Value	-	(8,349)	(8,349)
Contributions Receivable, Net	<u>\$ 96,365</u>	<u>\$ 334,086</u>	<u>\$ 430,451</u>

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**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 \$566,662 and \$855,138 from these national revenue streams.

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 \$4,751 and \$-0- 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 National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$258,737 and \$191,608 were paid from the Foundation to the National Organization during the years ended August 31, 2020 and 2019, respectively.

Chapters who assist with the organization and granting of wishes from other chapters are paid a “fee for service” called the wish assist fee. Under this program, the originating chapter agrees to pay a fee to the chapter of the wish destination to assist with any planning, booking and facilitating of the wish for the home chapter. Under this program, the Foundation received \$4,050 and \$9,450, 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	\$ 25,497	\$ 57,448
Due from Other Chapters	-	8,393
Total Due from Related Entities	<u>\$ 25,497</u>	<u>\$ 65,841</u>
Due to Other Chapters	<u>\$ 1,351</u>	<u>\$ 12,665</u>
Total Due to Related Entities	<u>\$ 1,351</u>	<u>\$ 12,665</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 \$461,313 and \$363,178, respectively.

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**NOTE 7 PROPERTY AND EQUIPMENT, NET**

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

	<u>2020</u>	<u>2019</u>
Computer Equipment and Software	\$ 90,679	\$ 82,637
Office Furniture and Other Equipment	134,650	130,901
Total	<u>225,329</u>	<u>213,538</u>
Less: Accumulated Depreciation and Amortization	<u>(167,295)</u>	<u>(123,097)</u>
Property and Equipment, Net	<u>\$ 58,034</u>	<u>\$ 90,441</u>

Depreciation and amortization expense totaled \$44,199 and \$46,584, respectively for the years ended August 31, 2020 and 2019.

**NOTE 8 LINE OF CREDIT**

The Foundation has a secured line of credit with a financial institution totaling \$850,000, bearing interest at the London Inter-Bank Offered Rate (LIBOR) daily floating rate plus 2.375% and is payable immediately upon demand by the bank. The line of credit is secured by all investments of the Foundation and has no stated expiration date. There was no outstanding balance on this line of credit as of August 31, 2020 and 2019.

**NOTE 9 LEASES**

The Foundation is obligated under an operating lease for office space and a capital lease for equipment.

The operating lease is for donated in-kind rent with a payment of \$1 for each year. The lease expires on December 15, 2021. Total in-kind rent expense for the lease for the years ended August 31, 2020 and 2019 totaled \$147,579 and \$144,163, respectively.

As of August 31, 2020 and 2019, the cost of leased property and equipment under the capital lease was \$17,755, and accumulated depreciation was \$3,551 and \$2,959, respectively. The capital lease expires on October 1, 2023.

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**NOTE 9 LEASES (CONTINUED)**

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

<u>Year Ending August 31,</u>	<u>Capital Leases</u>
2021	\$ 4,320
2022	4,320
2023	4,320
2024	720
Total Minimum Lease Payments	13,680
Less Amounts Representing Interest	(1,631)
Present Value of Net Minimum Lease Payments	<u>\$ 12,049</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	\$ 5,215	\$ 105,200
Hispanic Outreach	-	925
Total	<u>5,215</u>	<u>106,125</u>
Subject to Passage of Time:		
In-Kind Rent	<u>192,232</u>	<u>334,086</u>
Total Donor Restricted Net Assets	<u>\$ 197,447</u>	<u>\$ 440,211</u>

**NOTE 11 RETIREMENT PLAN**

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of 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 100% of employee contributions up to the first 3% of compensation and 50% of the next 2% of compensation. Foundation contributions to the Plan for the years ended August 31, 2020 and 2019 were \$42,029 and \$37,976, respectively.

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**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 \$226,112 and \$282,347 were received from a single donor, respectively, for the years ended August 31, 2020 and 2019, which represents 10% and 9% of total public support. Cash contributions totaling \$505,000 were received from two donors for the year ended August 31, 2020, which represents 23% 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 95 and 158 wishes, respectively. As of August 31, 2020 and 2019, respectively, there were approximately 270 and 220 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2020 was \$4,801 in cash and \$4,639 in in-kind for a total cost of \$9,440. The average cost of a wish for the year ended August 31, 2019 was \$5,443 in cash and \$5,246 in in-kind for a total cost of \$10,689.

**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 71% of wishes granted and the number of granted wishes averaged approximately 139. The number of wishes granted in the current year was 95.

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 17, 2020. The office has been (partially) opened. Temporary internal control policies were written to accommodate for the closure.

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**NOTE 15 PAYCHECK PROTECTION PROGRAM**

The Foundation applied for and was approved a \$200,000 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was received on April 15, 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.

Subsequent to year-end, the Foundation applied for and was approved for a second loan in the amount of \$233,888 under the Paycheck Protection Program.

**NOTE 16 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through March 3, 2021, the date at which the financial statements were available to be issued.

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