

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



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

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



INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Greater Virginia
Richmond, Virginia

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Greater Virginia, 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 Greater Virginia

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 Greater Virginia 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
February 26, 2021

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

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and Cash Equivalents	\$ 323,145	\$ 168,534
Investments	429,861	412,944
Due from Related Entities	50,257	42,734
Prepaid Expenses	53,679	54,820
Contributions Receivable, Net	314,745	458,672
Other Assets	8,624	6,252
Investments Held for Long-Term Purposes	83,867	74,857
Property and Equipment, Net	<u>11,297</u>	<u>20,637</u>
Total Assets	<u><u>\$ 1,275,475</u></u>	<u><u>\$ 1,239,450</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 80,672	\$ 119,274
Due to Related Entities	62,519	20,937
Deferred Rent	9,212	3,685
Capital Lease Obligations	5,031	8,255
Other Liabilities	1,355	4,811
Paycheck Protection Program	<u>149,100</u>	<u>-</u>
Total Liabilities	307,889	156,962
NET ASSETS		
Without Donor Restrictions	515,968	505,477
With Donor Restrictions	<u>451,618</u>	<u>577,011</u>
Total Net Assets	<u>967,586</u>	<u>1,082,488</u>
Total Liabilities and Net Assets	<u><u>\$ 1,275,475</u></u>	<u><u>\$ 1,239,450</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER VIRGINIA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 1,709,338	\$ 88,097	\$ 1,797,435
Grants	319,255	49,880	369,135
Total Public Support	2,028,593	137,977	2,166,570
Internal Special Events	267,569	-	267,569
Less Costs of Direct Benefits to Donors	(34,179)	-	(34,179)
Total Internal Special Events	233,390	-	233,390
Investment Income, Net	17,744	9,010	26,754
Other Income	3,169	-	3,169
Net Assets Released from Restrictions	272,380	(272,380)	-
Total Revenues, Gains, and Other Support	2,555,276	(125,393)	2,429,883
EXPENSES			
Program Services:			
Wish Granting	1,628,373	-	1,628,373
Total Program Services	1,628,373	-	1,628,373
Support Services:			
Fundraising	634,217	-	634,217
Management and General	282,195	-	282,195
Total Support Services	916,412	-	916,412
Total Expenses	2,544,785	-	2,544,785
CHANGE IN NET ASSETS	10,491	(125,393)	(114,902)
Net Assets - Beginning of Year	505,477	577,011	1,082,488
NET ASSETS - END OF YEAR	<u>\$ 515,968</u>	<u>\$ 451,618</u>	<u>\$ 967,586</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER VIRGINIA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 2,249,747	\$ 195,715	\$ 2,445,462
Grants	140,266	-	140,266
Total Public Support	2,390,013	195,715	2,585,728
Internal Special Events	401,065	-	401,065
Less: Costs of Direct Benefits to Donors	(32,554)	-	(32,554)
Total Special Events	368,511	-	368,511
Investment Income, Net	36,712	1,881	38,593
Other Income	4,731	-	4,731
Net Assets Released from Restrictions	263,107	(263,107)	-
Total Revenues, Gains, and Other Support	3,063,074	(65,511)	2,997,563
EXPENSES			
Program Services:			
Wish Granting	2,421,924	-	2,421,924
Total Program Services	2,421,924	-	2,421,924
Support Services:			
Fundraising	468,865	-	468,865
Management and General	244,157	-	244,157
Total Support Services	713,022	-	713,022
Total Expenses	3,134,946	-	3,134,946
CHANGE IN NET ASSETS	(71,872)	(65,511)	(137,383)
Net Assets - Beginning of Year	577,349	642,522	1,219,871
NET ASSETS - END OF YEAR	<u>\$ 505,477</u>	<u>\$ 577,011</u>	<u>\$ 1,082,488</u>

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services				
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	\$ 1,054,246	\$ -	\$ -	\$ -	\$ -	\$ 1,054,246
Salaries, Taxes, and Benefits	389,456	439,293	162,639	601,932	-	991,388
Printing, Subscriptions, and Publications	1,049	8,778	303	9,081	-	10,130
Professional Fees	4,517	70,764	75,024	145,788	-	150,305
Rent and Utilities	27,966	31,714	12,398	44,112	-	72,078
Postage and Delivery	3,288	4,983	498	5,481	-	8,769
Travel	1,328	6,622	2,599	9,221	-	10,549
Meetings and Conferences	1,037	2,532	2,530	5,062	-	6,099
Office Supplies	4,569	2,343	990	3,333	-	7,902
Communications	4,188	5,408	1,990	7,398	-	11,586
Advertising and Media (Cash)	-	125	55	180	-	180
Repairs and Maintenance	1,049	1,189	465	1,654	-	2,703
Bad Debt	-	27,305	-	27,305	-	27,305
Membership Dues	50	95	-	95	-	145
National Partnership Dues	125,666	16,366	17,039	33,405	-	159,071
Miscellaneous	6,340	12,590	4,059	16,649	-	22,989
Depreciation and Amortization	3,624	4,110	1,606	5,716	-	9,340
Special Event - Direct Donor Benefits	-	-	-	-	34,179	34,179
Total Expenses by Function	1,628,373	634,217	282,195	916,412	34,179	2,578,964
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(34,179)	(34,179)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,628,373</u>	<u>\$ 634,217</u>	<u>\$ 282,195</u>	<u>\$ 916,412</u>	<u>\$ -</u>	<u>\$ 2,544,785</u>

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services				
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	\$ 1,877,734	\$ -	\$ -	\$ -	\$ -	\$ 1,877,734
Salaries, Taxes, and Benefits	393,426	340,391	161,266	501,657	-	895,083
Printing, Subscriptions, and Publications	245	7,529	691	8,220	-	8,465
Professional Fees	2,429	6,263	45,724	51,987	-	54,416
Rent and Utilities	28,416	24,541	11,625	36,166	-	64,582
Postage and Delivery	5,253	4,081	438	4,519	-	9,772
Travel	4,813	9,474	2,317	11,791	-	16,604
Meetings and Conferences	2,102	12,409	2,416	14,825	-	16,927
Office Supplies	5,246	2,437	837	3,274	-	8,520
Communications	4,246	3,822	1,896	5,718	-	9,964
Advertising and Media (Cash)	-	400	-	400	-	400
Advertising and Media (In-Kind)	-	15,422	-	15,422	-	15,422
Repairs and Maintenance	1,883	1,625	770	2,395	-	4,278
Membership Dues	-	780	-	780	-	780
National Partnership Dues	83,295	11,598	10,544	22,142	-	105,437
Miscellaneous	8,028	23,941	3,667	27,608	-	35,636
Depreciation and Amortization	4,808	4,152	1,966	6,118	-	10,926
Special Event - Direct Donor Benefits	-	-	-	-	32,554	32,554
Total Expenses by Function	2,421,924	468,865	244,157	713,022	32,554	3,167,500
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(32,554)	(32,554)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,421,924</u>	<u>\$ 468,865</u>	<u>\$ 244,157</u>	<u>\$ 713,022</u>	<u>\$ -</u>	<u>\$ 3,134,946</u>

See accompanying Notes to Financial Statements.

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (114,902)	\$ (137,383)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	9,340	10,926
Bad Debt	27,305	-
Net Realized and Unrealized Gains on Investments	(12,277)	(20,813)
Contributed Inventory	2,525	600
Change in Discount to Present Value of Contributions Receivable	(13,630)	(10,477)
(Increase) Decrease in Assets:		
Contributions Receivable	130,252	17,344
Due from Related Entities	(7,523)	554
Prepaid Expenses	1,141	(34,857)
Other Assets	(4,897)	(1,392)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(38,602)	(3,292)
Due to Related Entities	41,582	6,924
Other Liabilities	(3,456)	1,543
Deferred Rent	5,527	1,973
Net Cash Provided (Used) by Operating Activities	<u>22,385</u>	<u>(168,350)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(34,922)	(114,178)
Proceeds from Sales of Investments	21,272	-
Purchases of Property and Equipment	<u>-</u>	<u>(1,226)</u>
Net Cash Used by Investing Activities	<u>(13,650)</u>	<u>(115,404)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(3,224)	(2,977)
Proceeds from Notes Payable	<u>149,100</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>145,876</u>	<u>(2,977)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	154,611	(286,731)
Cash and Cash Equivalents - Beginning of Year	<u>168,534</u>	<u>455,265</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 323,145</u></u>	<u><u>\$ 168,534</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid For Interest	<u><u>\$ 544</u></u>	<u><u>\$ 791</u></u>
Contributed Inventory	<u><u>\$ 2,525</u></u>	<u><u>\$ 600</u></u>

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Greater Virginia (the Foundation) is a Virginia nonprofit corporation, organized for the purpose of granting wishes to 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 GREATER VIRGINIA
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 3 to 5 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

Fair Value Measurements

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

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

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

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

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the 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 are recorded as 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 GREATER VIRGINIA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

	Program	Fundraising	Management and General	Total
<u>August 31, 2020</u>				
Wish Related	\$ 412,407	\$ -	\$ -	\$ 412,407
Professional Services	-	2,500	21,862	24,362
Other	410	418	204	1,032
Total	<u>\$ 412,817</u>	<u>\$ 2,918</u>	<u>\$ 22,066</u>	437,801
Special Events				7,529
Inventory (Asset)				2,525
Total				<u>\$ 447,855</u>
<u>August 31, 2019</u>				
Wish Related	\$ 1,121,436	\$ -	\$ -	\$ 1,121,436
Professional Services	-	-	1,800	1,800
Advertising and Media	-	15,422	-	15,422
Other	1,926	1,457	103	3,486
Total	<u>\$ 1,123,362</u>	<u>\$ 16,879</u>	<u>\$ 1,903</u>	1,142,144
Special Events				12,423
Inventory (Asset)				600
Total				<u>\$ 1,155,167</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 fair value.

MAKE-A-WISH FOUNDATION® OF GREATER VIRGINIA
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 Virginia taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 58.1 of the Virginia code. 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 program 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 \$9,212 and \$3,685, respectively at August 31, 2020 and 2019.

MAKE-A-WISH FOUNDATION® OF GREATER VIRGINIA
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	\$ 1,201,875	\$ 1,157,741
Donor Imposed Restrictions:		
Restricted Funds	(367,751)	(502,154)
Endowments	(83,867)	(74,857)
Net Financial Assets after Donor-Imposed Restrictions	750,257	580,730
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 750,257	\$ 580,730

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

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

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.

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.

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

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments (Continued)

Allocation of Investment Strategies

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

Fair Value Hierarchy

The following table presents the placement in 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>					
Investments:					
Exchange-Traded Funds	\$ 511,054	\$ -	\$ -	\$ -	\$ 511,054
Cash	-	-	-	2,674	2,674
Total Investments	<u>\$ 511,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,674</u>	<u>\$ 513,728</u>

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

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	\$ 486,445	\$ -	\$ -	\$ -	\$ 486,445
Cash	-	-	-	1,356	1,356
Total Investments	<u>\$ 486,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,356</u>	<u>\$ 487,801</u>

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from 3.00% to 4.80% at August 31, 2020 and 2019. The following is a summary of the Foundation's contributions receivable at August 31:

	2020	2019
Total Amounts Due in:		
Within One Year	\$ 123,949	\$ 274,656
One to Five Years	196,300	203,150
Gross Contributions Receivable	320,249	477,806
Less Discount to Present Value	(5,504)	(19,134)
Contributions Receivable, Net	<u>\$ 314,745</u>	<u>\$ 458,672</u>

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 \$679,581 and \$496,709 from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation. Amounts totaling \$218,720 and \$166,638 were paid from the Foundation to the National Organization during the year ended August 31, 2020 and 2019, respectively.

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

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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 \$800 and \$1,350, 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	\$ 50,257	\$ 42,244
Due from Other Chapters	-	490
Total Due from Related Entities	<u>\$ 50,257</u>	<u>\$ 42,734</u>
Due to National Organization	\$ 62,519	\$ 7,881
Due to Other Chapters	-	13,056
Total Due to Related Entities	<u>\$ 62,519</u>	<u>\$ 20,937</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 \$158,947 and \$107,572, respectively. At August 31, 2020 and 2019, amounts due from board members totaled \$103,662 and \$50,893, respectively, 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	\$ 52,360	\$ 52,360
Office Furniture and Other Equipment	26,723	26,723
Leasehold Improvements	5,255	5,255
Total	<u>84,338</u>	<u>84,338</u>
Less: Accumulated Depreciation and Amortization	<u>(73,041)</u>	<u>(63,701)</u>
Property and Equipment, Net	<u>\$ 11,297</u>	<u>\$ 20,637</u>

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

NOTE 7 PROPERTY AND EQUIPMENT, NET (CONTINUED)

Depreciation and amortization expense totaled \$9,340 and \$10,926, 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 February 29, 2024. As of August 31, 2020 and 2019, the cost of leased property and equipment under capital leases was \$16,110 and accumulated depreciation was \$11,507 and \$8,438, respectively. Total rent expense for all operating leases for the years ended August 31, 2020 and 2019 totaled \$71,828 and \$64,582, 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>	<u>Operating Leases</u>	<u>Capital Leases</u>
2021	\$ 69,986	\$ 3,768
2022	73,670	1,570
2023	77,355	-
2024	39,599	-
Total Minimum Lease Payments	<u>\$ 260,610</u>	<u>5,338</u>
Less Amounts Representing Interest		(307)
Present Value of Net Minimum Lease Payments		<u>\$ 5,031</u>

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

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:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 20,911	\$ 163,632
Bristol Meyers Outreach Tools	-	250
Bequest for Annual Wish (Virginia Beach)	<u>37,095</u>	<u>43,232</u>
Total	58,006	207,114
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	<u>309,745</u>	<u>295,040</u>
Total	309,745	295,040
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	33,931	24,921
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Charles Schwab Endowment	<u>49,936</u>	<u>49,936</u>
Total	<u>83,867</u>	<u>74,857</u>
 Total Donor Restricted Net Assets	 <u><u>\$ 451,618</u></u>	 <u><u>\$ 577,011</u></u>

NOTE 10 ENDOWMENTS

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 individual fund established for donor-restricted endowment funds. Net assets associated with endowment funds 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 GREATER VIRGINIA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Virginia UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor restricted net assets: (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulated earnings on the donor-restricted endowment funds. The accumulated earnings on the endowment funds remain treated as donor-restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
<u>August 31, 2020</u>			
Donor-Restricted Endowment Funds	\$ -	\$ 83,867	\$ 83,867
Total Funds	<u>\$ -</u>	<u>\$ 83,867</u>	<u>\$ 83,867</u>
<u>August 31, 2019</u>			
Donor-Restricted Endowment Funds	\$ -	\$ 74,857	\$ 74,857
Total Funds	<u>\$ -</u>	<u>\$ 74,857</u>	<u>\$ 74,857</u>

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

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

August 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ -	\$ 74,857	\$ 74,857
Investment Return:			
Investment Income	-	1,717	1,717
Net Appreciation (Realized and Unrealized)	-	7,293	7,293
Total Investment Return	-	9,010	9,010
Endowment Net Assets - End of Year	<u>\$ -</u>	<u>\$ 83,867</u>	<u>\$ 83,867</u>
August 31, 2019			
Endowment Net Assets - Beginning of Year	\$ -	\$ 72,976	\$ 72,976
Investment Return:			
Investment Income	-	1,769	1,769
Net Depreciation (Realized and Unrealized)	-	112	112
Total Investment Return	-	1,881	1,881
Endowment Net Assets - End of Year	<u>\$ -</u>	<u>\$ 74,857</u>	<u>\$ 74,857</u>

Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There are no fund deficiencies as of August 31, 2020 and 2019.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment fund while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor specified purpose.

Under the investment policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to generate a level of current income (interest and dividends) consistent with the overriding investment goal of the Fund while avoiding excessive risk. The Foundation expects its endowment funds, over time, to achieve a total return in excess of the rate of inflation plus cash flow needs over the investment horizon in order to preserve purchasing power of Fund assets. The overriding investment goal of the Fund is to conserve and enhance the capital value of the Fund in real terms, through asset appreciation and income generation. Actual returns in any given year may vary from this goal.

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

NOTE 10 ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation has selected the Morningstar Moderate Target Risk Index to serve as a benchmark for investment selection and evaluation.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year between 3% and 5% of its endowment fund's average fair value over the prior three years through the calendar year-end preceding the fiscal year in which the distribution is planned. However, if the market value of the endowment, as defined in the Endowment Policy, is less than the fund's threshold level, the distribution will be less than the Targeted Distribution, as defined in the Endowment Policy. If the market value of the endowment is less than the fund's corpus but more than the threshold level, the distribution will be limited to the lower of its Targeted Distribution or Realized Increase, as defined in the Endowment Policy. The Endowment Policy also entitles the Foundation to receive from the Endowment Fund, a reasonable percentage, not to exceed 3% of the Fund's market value, for administering the Fund.

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. 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 5% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2020 and 2019 were \$37,041 and \$33,463, 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 \$214,457 and \$644,215 were received from a single donor, respectively, for the years ended August 31, 2020 and 2019, which represents 10% and 25% of total public support. Cash contributions totaling \$263,493 were received from a single donor for the year ended August 31, 2020 which represents 12% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

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

NOTE 13 LITIGATION AND CLAIMS

The Foundation is periodically involved in litigation and claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position, change in net assets, or liquidity.

NOTE 14 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the years ending August 31, 2020 and 2019, the Foundation granted 112 and 183 wishes, respectively. As of August 31, 2020 and 2019, respectively, there were approximately 280 and 240 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2020 was \$4,794 in cash and \$5,863 in in-kind for a total cost of \$10,657. The average cost of a wish for the year ended August 31, 2019 was \$4,423 in cash and \$5,802 in in-kind for a total cost of \$10,225.

NOTE 15 RISKS AND UNCERTAINTIES

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began. On March 10, 2020, in conjunction with the Make-A-Wish America National Medical Advisory Council, Make-A-Wish America issued instructions to pause travel and large gathering wishes until deemed medically safe for our vulnerable population and their families. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic.

As of August 31, 2020, with only a few local exceptions, travel wishes are still paused. Over the past three years, travel wishes have been approximately 84% of wishes granted and the number of granted wishes averaged approximately 182. The number of wishes granted in the current year was 112.

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 19, 2020. The office remains closed. Temporary internal control policies were written to accommodate for the closure.

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

NOTE 16 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved a \$149,100 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 4, 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 in full.

NOTE 17 SUBSEQUENT EVENTS

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

