

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



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

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Alabama
Vestavia Hills, Alabama

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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 Alabama 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
April 2, 2021

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

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 1,163,977	\$ 597,124
Due from Related Entities	55,165	37,705
Prepaid Expenses	129,610	63,816
Contributions Receivable, Net	20,000	133,668
Accounts Receivable	154,600	89,858
Other Assets	10,515	7,829
Property and Equipment, Net	19,857	31,241
Total Assets	\$ 1,553,724	\$ 961,241
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 104,022	\$ 125,450
Due to Related Entities	2,293	17,631
Deferred Rent	2,589	4,203
Capital Lease Obligations	12,625	15,111
Paycheck Protection Program	177,097	-
Total Liabilities	298,626	162,395
NET ASSETS		
Without Donor Restrictions	1,251,598	697,177
With Donor Restrictions	3,500	101,669
Total Net Assets	1,255,098	798,846
Total Liabilities and Net Assets	\$ 1,553,724	\$ 961,241

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 2,218,332	\$ -	\$ 2,218,332
Grants	156,649	3,500	160,149
Total Public Support	2,374,981	3,500	2,378,481
Internal Special Events	753,887	-	753,887
Less: Costs of Direct Benefits to Donors	(76,239)	-	(76,239)
Total Internal Special Events	677,648	-	677,648
Sale of Donated Goods	903,270	-	903,270
Less: Cost of Donated Goods Sold	(903,270)	-	(903,270)
Net Sale of Donated Goods	-	-	-
Other Income	523	-	523
Net Assets Released from Restrictions	101,669	(101,669)	-
Total Revenues, Gains, and Other Support	3,154,821	(98,169)	3,056,652
EXPENSES			
Program Services:			
Wish Granting	1,594,895	-	1,594,895
Support Services:			
Fundraising	671,528	-	671,528
Management and General	333,977	-	333,977
Total Support Services	1,005,505	-	1,005,505
Total Expenses	2,600,400	-	2,600,400
CHANGE IN NET ASSETS	554,421	(98,169)	456,252
Net Assets - Beginning of Year	697,177	101,669	798,846
NET ASSETS - END OF YEAR	\$ 1,251,598	\$ 3,500	\$ 1,255,098

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 2,458,647	\$ 101,669	\$ 2,560,316
Grants	65,348	-	65,348
Total Public Support	2,523,995	101,669	2,625,664
Internal Special Events	717,837	-	717,837
Less: Costs of Direct Benefits to Donors	(127,278)	-	(127,278)
Total Special Events	590,559	-	590,559
Sale of Donated Goods	918,824	-	918,824
Less: Cost of Donated Goods Sold	(918,824)	-	(918,824)
Net Sale of Donated Goods	-	-	-
Other Income	7,708	-	7,708
Net Assets Released from Restrictions	160,164	(160,164)	-
Total Revenues, Gains, and Other Support	3,282,426	(58,495)	3,223,931
EXPENSES			
Program Services:			
Wish Granting	2,217,209	-	2,217,209
Support Services:			
Fundraising	564,782	-	564,782
Management and General	204,690	-	204,690
Total Support Services	769,472	-	769,472
Total Expenses	2,986,681	-	2,986,681
CHANGE IN NET ASSETS	295,745	(58,495)	237,250
Net Assets - Beginning of Year	401,432	160,164	561,596
NET ASSETS - END OF YEAR	\$ 697,177	\$ 101,669	\$ 798,846

See accompanying Notes to Financial Statements.

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

	Program	Support Services			Direct Donor	Total
	Services		Management	Total Support		
	Wish	Fundraising	and General	Services	Benefits	
	Granting					
Direct Costs of Wishes	\$ 1,102,551	\$ -	\$ -	\$ -	\$ -	\$ 1,102,551
Salaries, Taxes, and Benefits	271,339	451,860	205,585	657,445	-	928,784
Printing, Subscriptions, and Publications	3,767	10,694	2,230	12,924	-	16,691
Professional Fees	43	4,126	49,024	53,150	-	53,193
Rent and Utilities	17,640	29,381	13,310	42,691	-	60,331
Postage and Delivery	1,081	2,429	1,121	3,550	-	4,631
Travel	5,246	23,041	10,626	33,667	-	38,913
Meetings and Conferences	921	58,565	9,045	67,610	-	68,531
Office Supplies	12,036	6,310	3,480	9,790	-	21,826
Communications	5,505	8,934	3,139	12,073	-	17,578
Advertising and Media (Cash)	-	54	-	54	-	54
Advertising and Media (In-Kind)	-	5,015	-	5,015	-	5,015
Repairs and Maintenance	464	769	346	1,115	-	1,579
Bad Debt Expense	-	29	-	29	-	29
Membership Dues	547	1,314	1,046	2,360	-	2,907
National Partnership Dues	166,488	23,182	21,074	44,256	-	210,744
Miscellaneous	3,334	39,261	10,970	50,231	-	53,565
Depreciation and Amortization	3,933	6,564	2,981	9,545	-	13,478
Special Event - Direct Donor Benefits	-	-	-	-	76,239	76,239
	<u>1,594,895</u>	<u>671,528</u>	<u>333,977</u>	<u>1,005,505</u>	<u>76,239</u>	<u>2,676,639</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(76,239)	(76,239)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,594,895</u>	<u>\$ 671,528</u>	<u>\$ 333,977</u>	<u>\$ 1,005,505</u>	<u>\$ -</u>	<u>\$ 2,600,400</u>

See accompanying Notes to Financial Statements.

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

	Program	Support Services			Direct Donor	Total
	Services					
	Wish	Fundraising	Management	Total Support	Benefits	
	Granting		and General	Services		
Direct Costs of Wishes	\$ 1,766,754	\$ -	\$ -	\$ -	\$ -	\$ 1,766,754
Salaries, Taxes, and Benefits	302,355	314,780	100,155	414,935	-	717,290
Printing, Subscriptions, and Publications	771	44,975	760	45,735	-	46,506
Professional Fees	6,355	10,069	55,860	65,929	-	72,284
Rent and Utilities	23,378	24,491	7,793	32,284	-	55,662
Postage and Delivery	2,375	3,035	885	3,920	-	6,295
Travel	4,634	38,764	12,275	51,039	-	55,673
Meetings and Conferences	6,514	51,915	6,184	58,099	-	64,613
Office Supplies	7,292	6,910	3,480	10,390	-	17,682
Communications	4,692	9,584	1,398	10,982	-	15,674
Repairs and Maintenance	173	181	57	238	-	411
Bad Debt Expense	-	2,151	-	2,151	-	2,151
Membership Dues	401	1,289	779	2,068	-	2,469
National Partnership Dues	81,200	11,306	10,279	21,585	-	102,785
Miscellaneous	5,085	39,853	3,042	42,895	-	47,980
Depreciation and Amortization	5,230	5,479	1,743	7,222	-	12,452
Special Event - Direct Donor Benefits	-	-	-	-	127,278	127,278
	<u>2,217,209</u>	<u>564,782</u>	<u>204,690</u>	<u>769,472</u>	<u>127,278</u>	<u>3,113,959</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(127,278)	(127,278)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,217,209</u>	<u>\$ 564,782</u>	<u>\$ 204,690</u>	<u>\$ 769,472</u>	<u>\$ -</u>	<u>\$ 2,986,681</u>

See accompanying Notes to Financial Statements.

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

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 456,252	\$ 237,250
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	13,478	12,452
Bad Debt Expense	29	2,151
Loss on Disposal of Property and Equipment	2,365	-
Contributed Goods for Sale	(903,270)	(918,824)
Contributed Property and Equipment and Inventory	(2,686)	(500)
(Increase) Decrease in Assets:		
Contributions Receivable	113,639	90,337
Accounts Receivable	(64,742)	(89,858)
Due from Related Entities	(17,460)	(14,798)
Prepaid Expenses	(65,794)	(45,388)
Other Assets	903,270	923,109
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(21,428)	1,297
Due to Related Entities	(15,338)	(2,135)
Deferred Rent	(1,614)	(86)
Net Cash Provided by Operating Activities	<u>396,701</u>	<u>195,007</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	<u>(4,459)</u>	<u>(8,061)</u>
Net Cash Used by Investing Activities	(4,459)	(8,061)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(2,486)	(3,362)
Proceeds from Paycheck Protection Program Loan	<u>177,097</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>174,611</u>	<u>(3,362)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	566,853	183,584
Cash and Cash Equivalents - Beginning of Year	<u>597,124</u>	<u>413,540</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,163,977</u>	<u>\$ 597,124</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest Paid on Capital Leases	<u>\$ 1,978</u>	<u>\$ 1,102</u>
Contributed Goods for Sale	<u>\$ 903,270</u>	<u>\$ 918,824</u>
Contributed Property and Equipment and Inventory	<u>\$ 2,686</u>	<u>\$ 500</u>

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Alabama (the Foundation) is an Alabama 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.

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.

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management considers all accounts receivables to be collectable and as such, no allowance for doubtful accounts is recorded for the items. Management determine the allowance for doubtful accounts receivable based on historical experience and a review of subsequent collections.

Property and Equipment, Net

Property and equipment having a unit cost of greater than \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 5 years.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Foundation received in-kind contributions of assets, services, and materials that are reported in the 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	\$ 333,835	\$ -	\$ -	\$ 333,835
Advertising and Media	-	5,015	-	5,015
Other	861	3,079	5,764	9,704
	<u>\$ 334,697</u>	<u>\$ 8,094</u>	<u>\$ 5,764</u>	348,554
Cost of Donated Goods Sold				903,270
Inventory (Asset)				2,686
Total				<u>\$ 1,254,510</u>
 <u>August 31, 2019</u>				
Wish Related	\$ 755,802	\$ -	\$ -	\$ 755,802
Professional Services	-	-	1,800	1,800
Other	2,482	4,682	1,448	8,612
	<u>\$ 758,284</u>	<u>\$ 4,682</u>	<u>\$ 3,248</u>	766,214
Special Events				1,452
Cost of Donated Goods Sold				918,824
Property and Equipment (Capitalized)				500
Total				<u>\$ 1,686,990</u>

An internal special event is a fundraising event coordinated and staffed by Foundation personnel rather than a third-party support group or organization. It is designed to attract people for the purpose of raising mission awareness, for increasing funding from existing donors, and the cultivation of future donors. Internal special event in-kind amounts are donated items recorded at fair value that are used in facilitating the event. Examples of such donated items are generally food, beverage, facility costs, and auction items.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

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

Income Taxes

The Foundation is a nonprofit organization exempt from federal income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and the Alabama Revenue and Taxation 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 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. Unamortized deferred rent was \$2,589 and \$4,203, respectively at August 31, 2020 and 2019.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, valuation of contributions receivable and in-kind contributions, accrued pending wish costs, net of attrition, allocation of functional expenses and whether an allowance for uncollectible contributions receivable is required.

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.

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

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

	<u>2020</u>	<u>2019</u>
Total Financial Assets	\$ 1,393,742	\$ 858,355
Donor Imposed Restrictions:		
Restricted Funds	<u>(3,500)</u>	<u>(101,669)</u>
Net Financial Assets after Donor-Imposed Restrictions	<u>1,390,242</u>	<u>756,686</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,390,242</u>	<u>\$ 756,686</u>

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

NOTE 4 RECEIVABLES

The Foundation's contributions receivable as of August 31, 2020 and 2019 were \$20,000 and \$133,668, respectively, which are due from one and two donors, respectively.

The Foundation's accounts receivable as of August 31, 2020 and 2019 were \$154,600 and \$89,858, respectively, which are due from one and two entities, respectively.

All receivables are due within the next 12 months. Management determined that all receivables are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2020 and 2019.

NOTE 5 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 \$403,637 and \$331,468 from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$273,276 and \$167,973 were paid from the Foundation to the National Organization during the years ended August 31, 2020 and 2019, respectively.

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

NOTE 5 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 \$675 and \$1,275, 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	\$ 55,165	\$ 33,371
Due from Other Chapters	-	4,334
Total Due from Related Entities	<u>\$ 55,165</u>	<u>\$ 37,705</u>
Due to National Organization	\$ 22	\$ -
Due to Other Chapters	2,271	17,631
Total Due to Related Entities	<u>\$ 2,293</u>	<u>\$ 17,631</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 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 \$82,614 and \$46,650, respectively. There are no amounts due from board members at August 31, 2020 and 2019. There were no amounts paid to related parties for goods and services used in the Foundation’s operations at August 31, 2020 and 2019.

NOTE 6 PROPERTY AND EQUIPMENT, NET

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

	<u>2020</u>	<u>2019</u>
Computer Equipment and Software	\$ 41,622	\$ 42,502
Office Furniture	-	4,511
Other Equipment	32,941	30,963
Leasehold Improvements	10,610	10,110
	<u>85,173</u>	<u>88,086</u>
Less: Accumulated Depreciation and Amortization	(65,316)	(56,845)
Property and Equipment, Net	<u>\$ 19,857</u>	<u>\$ 31,241</u>

Depreciation and amortization expense totaled \$13,478 and \$12,452, respectively for the years ended August 31, 2020 and 2019.

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NOTE 7 LEASES

The Foundation is obligated under various capital and operating leases for office space and equipment, which expire at various dates through June 30, 2023. As of August 31, 2020 and 2019, the cost of leased equipment acquired under a capital lease was \$19,012, and accumulated depreciation was \$8,239 and \$4,436, respectively. Total rent expense for all operating leases for the years ended August 31, 2020 and 2019 totaled \$58,050 and \$55,662, 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	\$ 44,894	\$ 4,464
2022	-	4,464
2023	-	3,720
Total Minimum Lease Payments	<u>\$ 44,894</u>	<u>12,648</u>
Less: Amounts Representing Interest		(23)
Present Value of Net Minimum Lease Payments		<u>\$ 12,625</u>

Subsequent to year-end, the Foundation entered into a new operating lease for office space. The new lease agreement calls for lease payments ranging from \$8,081 to \$8,922 from June 1, 2021 through May 31, 2026.

NOTE 8 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	\$ 3,500	\$ 101,669
Total Donor Restricted Net Assets	<u>\$ 3,500</u>	<u>\$ 101,669</u>

NOTE 9 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. After one year of service, the Foundation matches employee contributions based on a formula to be determined by the board of directors. Foundation contributions to the Plan for the year ended August 31, 2020 and 2019 were \$17,774 and \$10,021, respectively.

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NOTE 10 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents. The Foundation places its cash 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 \$226,622 and \$472,345 were received from a single donor, respectively for the years ended August 31, 2020 and 2019, which represents 10% and 18% of total public support. In addition, the Foundation received payments of \$903,270 and \$918,824, respectively, for the years ended August 31, 2020 and 2019 from one source for the purchase of merchandise donations to the Foundation by the general public. This represented 100% of sale of donated merchandise. Should these levels of support decrease, the Foundation may be adversely affected.

NOTE 11 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 157 wishes, respectively. As of August 31, 2020 and 2019, respectively, there were approximately 270 and 210 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2020 was \$7,185 in cash and \$4,280 in in-kind for a total cost of \$11,465. The average cost of a wish for the year ended August 31, 2019 was \$6,006 in cash and \$5,767 in in-kind for a total cost of \$11,773.

NOTE 12 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 85% 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.

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NOTE 12 RISKS AND UNCERTAINTIES (CONTINUED)

From an operational perspective, the Foundation's office closed and transitioned the staff to work from home as of March 16, 2020. The office remains closed. Temporary internal control policies were written to accommodate for the closure.

NOTE 13 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved a \$177,097 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 6, 2020. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the federal government. The repayment schedule is below.

<u>Year Ending August 31,</u>	<u>Amount</u>
2021	\$ 97,844
2022	79,253
Total	<u>\$ 177,097</u>

Subsequent to year-end, the Foundation applied for and was approved for a second loan under the Paycheck Protection Program in the amount of \$160,042.

NOTE 14 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through April 2, 2021, the date at which the financial statements were available to be issued.

