

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



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MAKE-A-WISH FOUNDATION® OF GEORGIA
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Georgia
Atlanta, Georgia

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Georgia (the Foundation), 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 Foundation'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 Foundation'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 Georgia

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 Georgia 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

Lakeland, Florida
February 12, 2021

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

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,614,485	\$ 1,086,512
Investments	98,907	46,338
Due from Related Entities	495,968	344,849
Prepaid Expenses	209,614	232,188
Contributions Receivable, Net	17,740	251,592
Other Assets	101,276	152,769
Property and Equipment, Net	<u>55,530</u>	<u>59,624</u>
Total Assets	<u><u>\$ 2,593,520</u></u>	<u><u>\$ 2,173,872</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 135,906	\$ 371,646
Due to Related Entities	-	24,859
Deferred Rent	57,836	20,607
Other Liabilities	1,674	59,070
Paycheck Protection Program	<u>469,200</u>	<u>-</u>
Total Liabilities	664,616	476,182
NET ASSETS		
Without Donor Restrictions	1,575,555	1,421,263
With Donor Restrictions	<u>353,349</u>	<u>276,427</u>
Total Net Assets	<u>1,928,904</u>	<u>1,697,690</u>
Total Liabilities and Net Assets	<u><u>\$ 2,593,520</u></u>	<u><u>\$ 2,173,872</u></u>

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 3,889,608	\$ -	\$ 3,889,608
Grants	209,350	300,000	509,350
Total Public Support	4,098,958	300,000	4,398,958
Internal Special Events	1,718,922	53,349	1,772,271
Less: Costs of Direct Benefits to Donors	(304,376)	-	(304,376)
Total Internal Special Events	1,414,546	53,349	1,467,895
Investment Income, Net	(2,077)	-	(2,077)
Other Income	4,200	-	4,200
Net Assets Released from Restrictions	276,427	(276,427)	-
Total Revenues, Gains, and Other Support	5,792,054	76,922	5,868,976
EXPENSES			
Program Services:			
Wish Granting	3,461,860	-	3,461,860
Total Program Services	3,461,860	-	3,461,860
Support Services:			
Fundraising	1,346,463	-	1,346,463
Management and General	829,439	-	829,439
Total Support Services	2,175,902	-	2,175,902
Total Expenses	5,637,762	-	5,637,762
CHANGE IN NET ASSETS	154,292	76,922	231,214
Net Assets - Beginning of Year	1,421,263	276,427	1,697,690
NET ASSETS - END OF YEAR	<u>\$ 1,575,555</u>	<u>\$ 353,349</u>	<u>\$ 1,928,904</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GEORGIA
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	\$ 5,402,994	\$ 170,604	\$ 5,573,598
Grants	798,251	-	798,251
Total Public Support	6,201,245	170,604	6,371,849
Internal Special Events	1,646,641	100,852	1,747,493
Less: Costs of Direct Benefits to Donors	(256,200)	-	(256,200)
Total Internal Special Events	1,390,441	100,852	1,491,293
Investment Income, Net	491	-	491
Other Income	13,650	-	13,650
Net Assets Released from Restrictions	780,694	(780,694)	-
Total Revenues, Gains, and Other Support	8,386,521	(509,238)	7,877,283
EXPENSES			
Program Services:			
Wish Granting	5,277,586	-	5,277,586
Total Program Services	5,277,586	-	5,277,586
Support Services:			
Fundraising	1,601,894	-	1,601,894
Management and General	610,959	-	610,959
Total Support Services	2,212,853	-	2,212,853
Total Expenses	7,490,439	-	7,490,439
CHANGE IN NET ASSETS	896,082	(509,238)	386,844
Net Assets - Beginning of Year	525,181	785,665	1,310,846
NET ASSETS - END OF YEAR	<u>\$ 1,421,263</u>	<u>\$ 276,427</u>	<u>\$ 1,697,690</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GEORGIA
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	\$ 2,287,234	\$ -	\$ -	\$ -	\$ -	\$ 2,287,234
Salaries, Taxes, and Benefits	671,385	1,086,038	586,158	1,672,196	-	2,343,581
Printing, Subscriptions, and Publications	1,118	32,221	1,510	33,731	-	34,849
Professional Fees	6,522	7,116	106,491	113,607	-	120,129
Rent and Utilities	49,515	49,053	31,531	80,584	-	130,099
Postage and Delivery	9,662	3,031	2,543	5,574	-	15,236
Travel	2,011	8,809	6,939	15,748	-	17,759
Meetings and Conferences	2,962	20,241	5,010	25,251	-	28,213
Office Supplies	13,179	2,729	6,972	9,701	-	22,880
Communications	12,922	14,514	6,365	20,879	-	33,801
Advertising and Media (Cash)	-	727	-	727	-	727
Repairs and Maintenance	4,968	4,889	3,181	8,070	-	13,038
Membership Dues	272	5,335	462	5,797	-	6,069
National Partnership Dues	366,780	46,428	51,071	97,499	-	464,279
Miscellaneous	20,839	53,038	13,206	66,244	-	87,083
Depreciation and Amortization	12,491	12,294	8,000	20,294	-	32,785
Special Event - Direct Donor Benefits	-	-	-	-	304,376	304,376
Total	3,461,860	1,346,463	829,439	2,175,902	304,376	5,942,138
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(304,376)	(304,376)
	-	-	-	-	(304,376)	(304,376)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,461,860</u>	<u>\$ 1,346,463</u>	<u>\$ 829,439</u>	<u>\$ 2,175,902</u>	<u>\$ -</u>	<u>\$ 5,637,762</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GEORGIA
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	\$ 4,176,953	\$ -	\$ -	\$ -	\$ -	\$ 4,176,953
Salaries, Taxes, and Benefits	769,718	1,087,811	435,703	1,523,514	-	2,293,232
Printing, Subscriptions, and Publications	2,677	236,566	710	237,276	-	239,953
Professional Fees	5,374	6,064	86,565	92,629	-	98,003
Rent and Utilities	55,366	62,464	24,134	86,598	-	141,964
Postage and Delivery	11,522	5,893	1,462	7,355	-	18,877
Travel	6,220	20,727	3,878	24,605	-	30,825
Meetings and Conferences	4,258	65,500	9,334	74,834	-	79,092
Office Supplies	18,098	7,899	3,354	11,253	-	29,351
Communications	9,633	11,085	4,461	15,546	-	25,179
Advertising and Media (Cash)	-	614	-	614	-	614
Repairs and Maintenance	7,148	8,065	3,560	11,625	-	18,773
Membership Dues	59	507	771	1,278	-	1,337
National Partnership Dues	174,353	24,277	22,070	46,347	-	220,700
Miscellaneous	23,558	50,151	9,443	59,594	-	83,152
Depreciation and Amortization	12,649	14,271	5,514	19,785	-	32,434
Special Event Expenses	-	-	-	-	256,200	256,200
Total	5,277,586	1,601,894	610,959	2,212,853	256,200	7,746,639
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(256,200)	(256,200)
	-	-	-	-	(256,200)	(256,200)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 5,277,586</u>	<u>\$ 1,601,894</u>	<u>\$ 610,959</u>	<u>\$ 2,212,853</u>	<u>\$ -</u>	<u>\$ 7,490,439</u>

See accompanying Notes to Financial Statements.

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 231,214	\$ 386,844
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	32,785	32,434
Net Realized and Unrealized Gains on Investments	2,733	(501)
Contributed Property and Equipment, Investments, and Inventory	(25,443)	(8,697)
Contributed Equipment Placed in Service	(8,691)	(14,654)
(Increase) Decrease in Assets:		
Contributions Receivable	233,852	146,262
Due from Related Entities	(151,119)	(74,311)
Prepaid Expenses	22,574	(150,747)
Other Assets	2,289	(4,180)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(235,740)	64,613
Due to Related Entities	(24,859)	2,145
Deferred Rent	37,229	(15,448)
Other Liabilities	(57,396)	(745)
Net Cash Provided by Operating Activities	<u>59,428</u>	<u>363,015</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(655)	(38,237)
Net Cash Used by Investing Activities	<u>(655)</u>	<u>(38,237)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	469,200	-
Net Cash Provided by Financing Activities	<u>469,200</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	527,973	324,778
Cash and Cash Equivalents - Beginning of Year	<u>1,086,512</u>	<u>761,734</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,614,485</u></u>	<u><u>\$ 1,086,512</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Contributed Inventory and Investments	<u>\$ 5,443</u>	<u>\$ 8,697</u>
Contributed Property and Equipment	<u><u>\$ 20,000</u></u>	<u><u>\$ 14,654</u></u>

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Georgia (the Foundation) is a Georgia 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.

Inventory

Inventory is stated at net realizable value and is recorded in other assets on the statement of financial position.

MAKE-A-WISH FOUNDATION® OF GEORGIA
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 eight 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.

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 GEORGIA
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, depending on the nature of the 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.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

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

<u>August 31, 2020</u>	<u>Programs</u>	<u>Fundraising</u>	<u>Total</u>
Program and Support Service			
Expenses:			
Wish Related	\$ 942,913	\$ -	\$ 942,913
Other	5,643	2,728	8,371
Total Program and Support Service Expenses	<u>\$ 948,556</u>	<u>\$ 2,728</u>	951,284
Special Events			9,043
Investments (Asset)			54,647
Inventory (Asset)			(49,204)
Property and Equipment (Capitalized)			20,000
Total			<u>\$ 985,770</u>
 <u>August 31, 2019</u>	 <u>Programs</u>	 <u>Fundraising</u>	 <u>Total</u>
Program and Support Service			
Expenses:			
Wish Related	\$ 2,006,220	\$ -	\$ 2,006,220
Professional Services	-	202,500	202,500
Other	6,269	12,618	18,887
Total Program and Support Service Expenses	<u>\$ 2,012,489</u>	<u>\$ 215,118</u>	2,227,607
Investments (Asset)			2,917
Inventory (Asset)			5,780
Total			<u>\$ 2,236,304</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.

Donated advertising and media is reported as contribution revenue and fundraising or public information 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 GEORGIA
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 state of Georgia taxes under the provisions of Internal Revenue Code Section 501(c)(3) and the Georgia 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. The Foundation files income tax returns in the U.S. federal jurisdiction, and state jurisdictions.

Functional Expenses

The Foundation performs three functions: wish granting and program-related support, 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 single program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

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

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$57,836 and \$20,607 at August 31, 2020 and 2019, respectively.

MAKE-A-WISH FOUNDATION® OF GEORGIA
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. generally accepted accounting principles requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 months to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

	2020	2019
Total Financial Assets	\$ 2,227,100	\$ 1,729,291
Donor-Imposed Restrictions:		
Restricted Funds	<u>(353,349)</u>	<u>(276,427)</u>
Net Financial Assets after Donor-Imposed Restrictions	<u>1,873,751</u>	<u>1,452,864</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,873,751</u>	<u>\$ 1,452,864</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.

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

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

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

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.

Fair Value Hierarchy

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

	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2020</u>					
Assets					
Investments:					
Equity Securities	\$ 60,015	\$ -	\$ -	\$ -	\$ 60,015
Cash	-	-	-	38,892	38,892
Total Investments	60,015	-	-	38,892	98,907
Split-Interest Agreements	-	-	-	-	-
Total Assets	<u>\$ 60,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,892</u>	<u>\$ 98,907</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>					
Assets					
Investments:					
Equity Securities	\$ 8,102	\$ -	\$ -	\$ -	\$ 8,102
Cash	-	-	-	38,236	38,236
Total Investments	8,102	-	-	38,236	46,338
Split-Interest Agreements	-	-	-	-	-
Total Assets	<u>\$ 8,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,236</u>	<u>\$ 46,338</u>

NOTE 5 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2020 and 2019 were \$17,740 and \$251,592, respectively, which are due from multiple donors. All contributions receivable are due within the next twelve months. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2020 and 2019.

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2020 and 2019, respectively, the Foundation received \$1,486,335 and \$1,218,321 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 \$125,000 and \$500,000 during the years ended August 31, 2020 and 2019, respectively.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation of America pays on behalf of the Foundation. Amounts totaling \$608,239 and \$220,700 were paid from the Foundation and for services provided by to the National Organization during the years ended August 31, 2020 and 2019, respectively.

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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 asset 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 \$4,200 and \$13,650 respectively, during 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	\$ 495,668	\$ 342,153
Due from Other Chapters	300	2,696
Total Due from Related Entities	<u>\$ 495,968</u>	<u>\$ 344,849</u>
Due to National Organization	\$ -	\$ 5,892
Due to Other Chapters	-	18,967
Total Due to Related Entities	<u>\$ -</u>	<u>\$ 24,859</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 \$305,644 and \$233,438, respectively. At August 31, 2020 and 2019, amounts due from board members totaled \$-0- and \$11,676, respectively, and are included in contributions receivable in the accompanying statements of financial position.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2020	2019
Leasehold Improvements	\$ 294,694	\$ 274,694
Computer Equipment and Software	256,710	249,631
Office Furniture	-	75,548
Other Equipment	87,021	9,860
Total	638,425	609,733
Less: Accumulated Depreciation and Amortization	(582,895)	(550,109)
Property and Equipment, Net	<u>\$ 55,530</u>	<u>\$ 59,624</u>

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NOTE 7 PROPERTY AND EQUIPMENT, NET (CONTINUED)

Depreciation and amortization totaled \$32,785 and \$32,434 for the years ended August 31, 2020 and 2019.

NOTE 8 LEASES

The Foundation is obligated under an operating lease for office space through August 2026. Total rent expense for all operating leases for the years ended August 31, 2020 and 2019, totaled \$73,038 and \$141,964, respectively.

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

<u>Year Ending August 31,</u>	<u>Operating Leases Amount</u>
2021	\$ 80,817
2022	149,827
2023	154,113
2024	158,487
2025	163,017
Thereafter	167,635
Total Minimum Lease Payments	<u>\$ 873,896</u>

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods as of August 31, 2020:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ -	\$ 175,575
Future Events	53,349	100,852
Total	<u>53,349</u>	<u>276,427</u>
Subject to Passage of Time:		
Receivables that are Not Restricted by Donors, but		
Which are Unavailable for Expenditure Until Due	300,000	-
Total	<u>300,000</u>	<u>-</u>
Total Net Assets with Donor Restrictions	<u>\$ 353,349</u>	<u>\$ 276,427</u>

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NOTE 10 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code limitations. The Foundation matches employee contributions up to 3% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2020 and 2019 were \$51,710 and \$43,976, respectively.

NOTE 11 CONCENTRATIONS OF CREDIT RISK

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

In-kind contributions totaling \$428,160 and \$1,033,817 were received from a single donor for the years ended August 31, 2020 and 2019, which represents 10% and 16%, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 12 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 13 LINE OF CREDIT

On May 23, 2018, the Foundation obtained an unsecured line of credit with a financial institution with a borrowing limit of up to \$75,000, bearing interest at 12%. There were no borrowings on the line at August 31, 2020 or 2019.

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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 240 and 403 wishes, respectively. As of August 31, 2020 and 2019, respectively, there were approximately 1,150 and 1,025 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2020 was \$5,522 in cash and \$5,122 in in-kind for a total cost of \$10,644. The average cost of a wish for the year ended August 31, 2019 was \$5,679 in cash and \$4,876 in in-kind for a total cost of \$10,645.

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 3 years, travel wishes have been approximately 81% of wishes granted and the number of granted wishes averaged approximately 372. The number of wishes granted in the current year was 240.

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 16, 2020. The office has been partially open. Temporary internal control policies were written to accommodate for the closure.

NOTE 16 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved a \$469,200 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 24, 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	\$ 260,667
2022	208,533
Total	<u><u>\$ 469,200</u></u>

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NOTE 16 PAYCHECK PROTECTION PROGRAM (CONTINUED)

Subsequent to year end, on February 8, 2021, the Paycheck Protection Program loan was forgiven in its entirety.

NOTE 17 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through February 12, 2021, the date at which the financial statements were available to be issued.