

**MAKE-A-WISH FOUNDATION® OF THE
TEXAS GULF COAST AND LOUISIANA**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2021 AND 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

**MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
TABLE OF CONTENTS
YEARS ENDED AUGUST 31, 2021 AND 2020**

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 the Texas
Gulf Coast and Louisiana
Stafford, Texas

We have audited the accompanying financial statements of Make-A-Wish Foundation® of the Texas Gulf Coast and Louisiana, which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
Make-A-Wish Foundation® of the Texas
Gulf Coast and Louisiana

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 the Texas Gulf Coast and Louisiana as of August 31, 2021 and 2020, and change in its net assets and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
January 13, 2022

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 1,339,059	\$ 1,037,248
Investments	10,098,678	6,119,673
Due from Related Entities	129,728	105,176
Prepaid Expenses	168,002	89,682
Contributions Receivable, Net	89,990	561,000
Other Assets	39,186	44,291
Split-Interest Agreements	373,875	254,124
Investments Held for Long-Term Purposes	8,027,598	9,019,545
Property and Equipment, Net	2,453,362	2,430,724
Total Assets	\$ 22,719,478	\$ 19,661,463
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 593,368	\$ 323,001
Due to Related Entities	24,266	114,746
Total Liabilities	617,634	437,747
NET ASSETS		
Without Donor Restrictions	13,610,381	9,949,474
With Donor Restrictions	8,491,463	9,274,242
Total Net Assets	22,101,844	19,223,716
Total Liabilities and Net Assets	\$ 22,719,478	\$ 19,661,463

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 3,578,684	\$ 120,040	\$ 3,698,724
Grants	87,462	-	87,462
Total Public Support	<u>3,666,146</u>	<u>120,040</u>	<u>3,786,186</u>
Investment Income, Net	1,661,508	1,335,047	2,996,555
Forgiveness of Paycheck Protection Program	131,085	-	131,085
Other Income	14,239	-	14,239
Net Assets Released from Restrictions	<u>2,357,617</u>	<u>(2,357,617)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>7,830,595</u>	<u>(902,530)</u>	<u>6,928,065</u>
EXPENSES			
Program Services:			
Wish Granting	<u>3,078,444</u>	<u>-</u>	<u>3,078,444</u>
Total Program Services	<u>3,078,444</u>	<u>-</u>	<u>3,078,444</u>
Support Services:			
Fundraising	551,822	-	551,822
Management and General	539,422	-	539,422
Total Support Services	<u>1,091,244</u>	<u>-</u>	<u>1,091,244</u>
Total Expenses	4,169,688	-	4,169,688
OTHER (GAINS) LOSSES			
Change in Split-Interest Agreements	-	(119,751)	(119,751)
Total Other (Gains) Losses	<u>-</u>	<u>(119,751)</u>	<u>(119,751)</u>
CHANGE IN NET ASSETS	3,660,907	(782,779)	2,878,128
Net Assets - Beginning of Year	<u>9,949,474</u>	<u>9,274,242</u>	<u>19,223,716</u>
NET ASSETS - END OF YEAR	<u>\$ 13,610,381</u>	<u>\$ 8,491,463</u>	<u>\$ 22,101,844</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 4,338,590	\$ 637,523	\$ 4,976,113
Grants	204,474	-	204,474
Total Public Support	4,543,064	637,523	5,180,587
Investment Income, Net	438,250	639,216	1,077,466
Other Income	20,475	-	20,475
Net Assets Released from Restrictions	328,804	(328,804)	-
Total Revenues, Gains, and Other Support	5,330,593	947,935	6,278,528
EXPENSES			
Program Services:			
Wish Granting	3,845,672	-	3,845,672
Total Program Services	3,845,672	-	3,845,672
Support Services:			
Fundraising	265,686	-	265,686
Management and General	335,469	-	335,469
Total Support Services	601,155	-	601,155
Total Expenses	4,446,827	-	4,446,827
OTHER (GAINS) LOSSES			
Change in Split-Interest Agreements	-	8,930	8,930
Total Other Losses	-	8,930	8,930
CHANGE IN NET ASSETS	883,766	939,005	1,822,771
Net Assets - Beginning of Year	9,065,708	8,335,237	17,400,945
NET ASSETS - END OF YEAR	\$ 9,949,474	\$ 9,274,242	\$ 19,223,716

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021

	<u>Program Services</u>		<u>Support Services</u>		<u>Total</u>
	<u>Wish Granting</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total Support Services</u>	
Direct Costs of Wishes	\$ 2,008,122	\$ -	\$ -	\$ -	\$ 2,008,122
Salaries, Taxes, and Benefits	660,701	425,313	398,647	823,960	1,484,661
Printing, Subscriptions, and Publications	2,927	2,584	1,137	3,721	6,648
Professional Fees	48,178	20,016	37,876	57,892	106,070
Rent and Utilities	30,103	12,546	11,900	24,446	54,549
Postage and Delivery	2,339	1,845	1,106	2,951	5,290
Travel	4,881	2,093	1,916	4,009	8,890
Meetings and Conferences	4,980	3,597	2,566	6,163	11,143
Advertising and Media (Cash)	1,509	671	615	1,286	2,795
Office Supplies	9,663	4,193	3,886	8,079	17,742
Communications	9,334	4,011	3,908	7,919	17,253
Repairs and Maintenance	236	94	88	182	418
Insurance	511	152	150	302	813
National Partnership Dues	215,101	38,838	44,813	83,651	298,752
Miscellaneous	8,304	7,018	3,510	10,528	18,832
Depreciation and Amortization	71,555	28,851	27,304	56,155	127,710
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,078,444</u>	<u>\$ 551,822</u>	<u>\$ 539,422</u>	<u>\$ 1,091,244</u>	<u>\$ 4,169,688</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2020

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 3,093,094	\$ -	\$ -	\$ -	\$ 3,093,094
Salaries, Taxes, and Benefits	438,022	182,754	252,940	435,694	873,716
Printing, Subscriptions, and Publications	-	2,799	-	2,799	2,799
Professional Fees	50,477	15,094	19,426	34,520	84,997
Rent and Utilities	20,654	5,809	5,981	11,790	32,444
Postage and Delivery	3,823	3,584	1,075	4,659	8,482
Travel	4,034	1,129	1,128	2,257	6,291
Meetings and Conferences	2,046	562	562	1,124	3,170
Office Supplies	6,699	1,884	1,883	3,767	10,466
Communications	8,016	2,254	1,645	3,899	11,915
Repairs and Maintenance	7,965	2,240	2,677	4,917	12,882
National Partnership Dues	122,418	19,852	23,159	43,011	165,429
Miscellaneous	11,616	6,123	3,384	9,507	21,123
Depreciation and Amortization	76,808	21,602	21,609	43,211	120,019
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,845,672</u>	<u>\$ 265,686</u>	<u>\$ 335,469</u>	<u>\$ 601,155</u>	<u>\$ 4,446,827</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,878,128	\$ 1,822,771
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	127,710	120,019
Contributions Restricted for Long-Term Investment	(30,050)	(637,523)
Net Realized and Unrealized Gains on Investments	(2,701,673)	(764,755)
Contributed Property and Equipment, Inventory, and Investments	(86,705)	(12,546)
Loss on Disposal of Property and Equipment	4,800	479
Change in Value of Split-Interest Agreements	(119,751)	8,930
Changes in Assets and Liabilities:		
Contributions Receivable, Net	471,010	(232,314)
Due from Related Entities	(24,552)	(7,025)
Prepaid Expenses	(78,320)	105,230
Other Assets	5,105	(31,567)
Accounts Payable and Accrued Expenses	270,367	(195,672)
Due to Related Entities	(90,480)	32,958
Net Cash Provided by Operating Activities	625,589	208,985
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(7,738,898)	(6,501,169)
Proceeds from Sales of Investments	7,458,649	6,165,143
Purchases of Property and Equipment	(73,579)	-
Net Cash Used by Investing Activities	(353,828)	(336,026)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Long-Term Investment	30,050	637,523
 NET INCREASE IN CASH AND CASH EQUIVALENTS	301,811	510,482
Cash and Cash Equivalents - Beginning of Year	1,037,248	526,766
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,339,059	\$ 1,037,248
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated Property and Equipment, Inventory, and Investments	\$ 86,705	\$ 12,546

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Cash and Cash Equivalents

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

Investments

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

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

Contributions Receivable

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions receivable are discounted using fair value rates and contributions are written off when deemed uncollectible.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost of greater than \$1,000 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 2 to 30 years. 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 THE TEXAS GULF COAST AND LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

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

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restriction when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as Net Assets Released from Restrictions.

Revenue Recognition

Revenue is recognized on the accrual basis and generally consists of contributions, in-kinds and other income.

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 once the conditions are substantially met. There were no conditional promises outstanding for the years ended August 31, 2021 and 2020.

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 THE TEXAS GULF COAST AND LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

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:

<u>August 31, 2021</u>	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Wish Related	\$ 304,182	\$ -	\$ -	\$ 304,182
Other	2,310	1,019	524	3,853
Total	<u>\$ 306,492</u>	<u>\$ 1,019</u>	<u>\$ 524</u>	308,035
Investments				5,136
Contributions Receivable, Net Change				8,923
Property and Equipment				81,569
Total				<u>\$ 403,663</u>
<u>August 31, 2020</u>				
Wish Related	\$ 1,173,428	\$ -	\$ -	\$ 1,173,428
Professional Services	-	-	4,788	4,788
Other	14,999	7,037	4,218	26,254
Total	<u>\$ 1,188,427</u>	<u>\$ 7,037</u>	<u>\$ 9,006</u>	1,204,470
Investments				5,037
Property and Equipment				7,509
Total				<u>\$ 1,217,016</u>

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). 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, 2021 and 2020. 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.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations.

Management and General

All costs not identifiable with specific programs or fundraising activities, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

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

Management Estimates

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

Changes in Accounting Principles

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-19, *Revenue from Contracts with Customers* (Topic 606). Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Foundation's financial statements reflect the adoption of ASU 2014-09 guidance beginning in fiscal year 2021. The adoption of 2014-09 did not impact the Foundation's reported revenue.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) – Changes to the Disclosure Requirements for Fair Value Measurement*. The update is to improve the effectiveness of disclosures in the notes to the financial statements. The Foundation's financial statements reflect adoption of ASU 2018-13 guidance beginning in for the year ended August 31, 2021 and retrospectively applied for the year ended August 31, 2020. The adoption of ASU 2018-13 did not impact the Foundation's reported change in net assets.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

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.

	<u>2021</u>	<u>2020</u>
Total Financial Assets	\$ 20,058,928	\$ 17,096,766
Donor-Imposed Restrictions:		
Restricted Funds	(463,865)	(254,697)
Endowments	<u>(8,027,598)</u>	<u>(9,019,545)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 11,567,465</u>	<u>\$ 7,822,524</u>

Financial assets include cash and cash equivalents, investments, due from related entities, contributions receivable, split-interest agreements 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.

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

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 tables as of August 31, 2021 and 2020 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.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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 investment 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 and liabilities that are measured at fair value on a recurring basis, except those measured at cost, at August 31:

	2021				Total
	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	
Assets:					
Investments:					
Mutual Funds	\$ 8,893,455	\$ -	\$ -	\$ -	\$ 8,893,455
Exchange-Traded Funds	2,275,264	-	-	-	2,275,264
Equity Securities	2,022,652	-	-	-	2,022,652
Debt Securities	4,638,848	-	-	-	4,638,848
Cash	-	-	-	296,057	296,057
Total Investments	17,830,219	-	-	296,057	18,126,276
Split-Interest Agreements	-	-	373,875	-	373,875
Total Assets	<u>\$ 17,830,219</u>	<u>\$ -</u>	<u>\$ 373,875</u>	<u>\$ 296,057</u>	<u>\$ 18,500,151</u>
	2020				
	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
Assets:					
Investments:					
Mutual Funds	\$ 361,186	\$ -	\$ -	\$ -	\$ 361,186
Exchange-Traded Funds	2,228,233	-	-	-	2,228,233
Equity Securities	7,264,871	-	-	-	7,264,871
Debt Securities	3,897,861	-	-	-	3,897,861
Cash	-	-	-	1,387,067	1,387,067
Total Investments	13,752,151	-	-	1,387,067	15,139,218
Split-Interest Agreements	-	-	254,124	-	254,124
Total Assets	<u>\$ 13,752,151</u>	<u>\$ -</u>	<u>\$ 254,124</u>	<u>\$ 1,387,067</u>	<u>\$ 15,393,342</u>

For the valuation of Level 3 investments at August 31, 2021 and 2020, the Foundation used significant unobservable inputs, particularly the present value of the expected future amounts to be received.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

There were no purchases, sales, transfers in and transfers out of Level 3 investments for the years ended August 31, 2021 and 2020.

The following table describes the valuation techniques used to calculate fair value for assets in Level 3. There were no changes in valuation techniques and related inputs from the prior year.

Quantitative Information About Level 3 Fair Value Measurements			
Type of Assets	Fair Value at August 31, 2021	Principal Valuation Technique	Unobservable Inputs
Split-Interest Agreements	\$ 373,875	Discounted Cash Flows	Discount Rates Duration
Total	\$ 373,875		
Type of Assets	Fair Value at August 31, 2020	Principal Valuation Technique	Unobservable Inputs
Split-Interest Agreements	\$ 254,124	Discounted Cash Flows	Discount Rates Duration
Total	\$ 254,124		

NOTE 5 CONTRIBUTIONS RECEIVABLE

The following is a summary of the Foundation's contributions receivable at August 31:

	2021	2020
Total Amounts Due in:		
One Year	\$ 75,990	\$ 561,000
Two to Five Years	14,000	-
Contributions Receivable, Net	\$ 89,990	\$ 561,000

Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2021 and 2020.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 6 SPLIT-INTEREST AGREEMENTS

Beneficial Interest in Trusts

The Foundation is a named income beneficiary in a perpetual trust, the corpus of which is not controlled by the management of the Foundation. Under this arrangement, the Foundation has the irrevocable right to receive a portion of the income earned on the underlying assets held in perpetuity. Accordingly, permanently restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation received notice that the trust agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets have been recorded in the accompanying statements of activities as a component of change in value of split-interest agreements with donor restrictions.

The Foundation's beneficial interest in the trust is \$273,875 and \$220,664 as of August 31, 2021 and 2020, respectively.

Charitable Trusts

The Foundation is named as a beneficiary in an irrevocable charitable remainder trust held by a third-party trustee. At the date the remainder trust was established, a beneficial interest in trust and temporarily restricted contribution revenue was recognized for the present value of the estimated future benefits to be received when the trust assets are distributed. The beneficial interest is adjusted during the term of the trust for changes in the value of the assets. The beneficial interest in the remainder trust is calculated using a discount rate of 4.43%, a rate of return of 5%, and Internal Revenue Service (IRS) mortality tables.

During the year ended August 31, 2021, the Foundation was notified that the beneficiary of the trust passed away. As such, the valuation of beneficial interest in trust was adjusted from the present value to the Foundation's interest in the trust's estimated final assets.

The Foundation's beneficial interest in the trust is \$100,000 and \$33,460 as of August 31, 2021 and 2020, respectively.

NOTE 7 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, 2021 and 2020, respectively, the Foundation received \$1,179,057 and \$1,060,168 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. The Foundation has not contributed to or received funds from the Wish Fulfillment Fund during the years ended August 31, 2021 and 2020.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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 \$303,320 and \$80,273 were paid from the Foundation to the National Organization during the years ended August 31, 2021 and 2020, respectively.

Chapters who assist with the organization and granting of wishes from other chapters are paid a “fee for service” called the wish assist fee. Under this program, the originating chapter agrees to pay a fee to the chapter of the wish destination to assist with any planning, booking, and facilitating of the wish for the home chapter. The Foundation does not charge wish assist fees to other chapters.

Amounts due from and to related entities are as follows at August 31:

	2021	2020
Due from National Organization	\$ 129,728	\$ 105,176
Total Due from Related Entities	<u>\$ 129,728</u>	<u>\$ 105,176</u>
Due to National Organization	\$ 115	\$ 114,746
Due to Other Chapters	24,151	-
Total Due to Related Entities	<u>\$ 24,266</u>	<u>\$ 114,746</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, 2021 and 2020, the Foundation received contributions, both cash and in-kind, from board members totaling \$253,839 and \$163,356, respectively. As of August 31, 2021 and 2020, there were no amounts due from board members. There were no amounts paid to related parties for goods and services used in the Foundation’s operations for the years ended August 31, 2021 and 2020. There were no amounts due to related parties as of August 31, 2021 and 2020.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 8 PROPERTY AND EQUIPMENT, NET

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

	<u>2021</u>	<u>2020</u>
Land	\$ 630,000	\$ 630,000
Buildings and Building Improvements	2,413,322	2,305,311
Computer Equipment and Software	30,071	10,125
Office Furniture	250,497	229,225
Total	<u>3,323,890</u>	<u>3,174,661</u>
Less: Accumulated Depreciation and Amortization	<u>(870,528)</u>	<u>(743,937)</u>
Property and Equipment, Net	<u><u>\$ 2,453,362</u></u>	<u><u>\$ 2,430,724</u></u>

Depreciation and amortization expense totaled \$127,710 and \$120,019 for the years ended August 31, 2021 and 2020.

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>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 8,923	\$ -
MAWFA Grant	-	573
Total	<u>8,923</u>	<u>573</u>
Subject to Passage of Time:		
Assets Held under Split Interest Agreements	100,000	33,460
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	<u>81,067</u>	<u>-</u>
Total	<u>181,067</u>	<u>33,460</u>
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	3,044,204	2,235,072
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Wish Granting and Building Maintenance	<u>4,983,394</u>	<u>6,784,473</u>
Total Endowments	<u>8,027,598</u>	<u>9,019,545</u>
Not Subject to Spending Policy:		
Assets Held under Split-Interest Agreements	<u>273,875</u>	<u>220,664</u>
Total Donor-Restricted Net Assets	<u><u>\$ 8,491,463</u></u>	<u><u>\$ 9,274,242</u></u>

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

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 24 individual funds established for a variety of purposes including granting wishes and building maintenance. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets which are donor-restricted are reflected as investments held for long-term purposes on the statements of financial position.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Texas 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:

August 31, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 8,027,598	\$ 8,027,598
<hr/>			
August 31, 2020			
Donor-Restricted Endowment Funds	\$ -	\$ 9,019,545	\$ 9,019,545

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 10 ENDOWMENTS (CONTINUED)

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

<u>August 31, 2021</u>	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ -	\$ 9,019,545	\$ 9,019,545
Investment Income, Net	-	1,335,047	1,335,047
Contributions	-	30,050	30,050
Appropriation of Endowment Asset for Expenditure	-	(54,952)	(54,952)
Other Changes:			
Donor Release from Restrictions	-	(2,302,092)	(2,302,092)
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 8,027,598</u>	<u>\$ 8,027,598</u>
<u>August 31, 2020</u>			
Endowment Funds - Beginning of Year	\$ -	\$ 7,742,806	\$ 7,742,806
Investment Income, Net	-	639,216	639,216
Contributions	-	637,523	637,523
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 9,019,545</u>	<u>\$ 9,019,545</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, 2021.

Return Objectives and Risk Parameters

The Foundation's endowment assets are commingled with its unrestricted investments, and as such, fall under the Foundation's investment policy. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of directors, the overall investment objectives of the Foundation are to balance long-term capital appreciation with capital preservation. The asset value, exclusive of contributions or withdrawals, shall grow in the long term through a combination of investment income and capital appreciation at a rate of return comparative to the benchmarks set forth in the Foundation's investment policy based on the asset category mix, while avoiding excessive risk. The Foundation does not have a specified average rate of return expectation.

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 targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 10 ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation allows its endowment donors to determine if distributions are to be made out of earnings annually or once the individual endowment has reached a certain net asset amount.

NOTE 11 RETIREMENT PLAN

The Foundation has a defined contribution 401(k) plan (the Plan). Employees are eligible for participation in the Plan upon completion of one year and 1000 hours of eligibility service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions at 100% up to 6% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2021 and 2020 were \$26,124 and \$19,493, respectively.

The Foundation also has a 457 plan established for certain full-time employees not excluded by the terms of the plan document. The amount of contributions to the participant's account will equal the amount by which the participant has reduced his/her compensation for the plan year, pursuant to his/her salary reduction agreement plus any matching contributions and employer discretionary contributions. During the years ended August 31, 2021 and 2020, employer discretionary contributions to the plan were recorded as expenses of \$-0- and \$52,974 to establish a liability for the future obligation. Participants become fully vested at age 65. During the year ended August 31, 2021, the plan participant retired and the plan was terminated.

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.

Contributions totaling \$1,017,844 were received from two donors for the year ended August 31, 2021, which represents 27% of raised revenue which consists of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

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.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 14 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the years ended August 31, 2021 and 2020, the Foundation granted 415 and 324 wishes, respectively. As of August 31, 2021 and 2020, respectively, there were approximately 875 and 900 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2021 was \$3,806 in cash and \$572 in in-kind for a total cost of \$4,378. The average cost of a wish for the year ended August 31, 2020 was \$5,400 in cash and \$4,682 in in-kind for a total cost of \$10,262.

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, 2021, with the exception of regional travel, travel wishes are still paused. Prior to fiscal year 2020, travel wishes have been approximately 77% of wishes granted and the number of granted wishes averaged approximately 452. The number of wishes granted during the years ended August 31, 2021 and 2020 was 415 and 324, respectively.

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.

NOTE 16 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$131,085 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 February 5, 2021. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. 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 Foundation received forgiveness of \$131,085 on July 8, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Foundation's financial position.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 17 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 13, 2022, the date at which the financial statements were available to be issued.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**

