

**MAKE-A-WISH FOUNDATION® OF
SOUTHERN FLORIDA**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2021 AND 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
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 Southern Florida
Fort Lauderdale, Florida

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Southern Florida 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 then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
Make-A-Wish Foundation® of Southern Florida

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of Southern Florida as of August 31, 2021 and 2020 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
January 19, 2022

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 6,058,471	\$ 5,221,624
Investments	14,262,639	7,630,138
Due from Related Entities	264,581	169,859
Prepaid Expenses	261,646	454,504
Contributions Receivable, Net	9,863,315	11,507,828
Other Assets	89,841	304,388
Restricted Cash	6,058,798	7,650,254
Investments Held for Long-Term Purposes	3,621,248	3,425,020
Property and Equipment, Net	9,092,753	226,756
Beneficial Interest in Assets Held by Others	<u>852,736</u>	<u>744,474</u>
Total Assets	<u><u>\$ 50,426,028</u></u>	<u><u>\$ 37,334,845</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 664,512	\$ 322,339
Due to Related Entities	508	7,012
Other Liabilities	208,850	137,290
Deferred Rent	63,450	24,652
Paycheck Protection Program	-	560,177
Notes Payable	<u>4,000,000</u>	<u>-</u>
Total Liabilities	4,937,320	1,051,470
NET ASSETS		
Without Donor Restrictions	25,115,799	13,004,645
With Donor Restrictions	<u>20,372,909</u>	<u>23,278,730</u>
Total Net Assets	<u>45,488,708</u>	<u>36,283,375</u>
Total Liabilities and Net Assets	<u><u>\$ 50,426,028</u></u>	<u><u>\$ 37,334,845</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 8,352,428	\$ 384,891	\$ 8,737,319
Grants	803,114	18	803,132
Total Public Support	9,155,542	384,909	9,540,451
Internal Special Events	4,190,970	(215)	4,190,755
Less Costs of Direct Benefits to Donors	(871,256)	-	(871,256)
Total Internal Special Events	3,319,714	(215)	3,319,499
Investment Income, Net	2,938,590	122,999	3,061,589
Forgiveness of Paycheck Protection Program Loan	560,177	-	560,177
Other Income	12,903	-	12,903
Net Assets Released from Restrictions	4,131,103	(4,131,103)	-
Total Revenues, Gains, and Other Support	20,118,029	(3,623,410)	16,494,619
EXPENSES			
Program Services:			
Wish Granting	5,320,802	-	5,320,802
Total Program Services	5,320,802	-	5,320,802
Support Services:			
Fundraising	1,799,578	-	1,799,578
Management and General	886,495	-	886,495
Total Support Services	2,686,073	-	2,686,073
Total Expenses	8,006,875	-	8,006,875
NONOPERATING ACTIVITY			
Contributions	-	3,419,763	3,419,763
Bad Debt Expense	-	(2,702,174)	(2,702,174)
Total Nonoperating Activity	-	717,589	717,589
CHANGE IN NET ASSETS	12,111,154	(2,905,821)	9,205,333
Net Assets - Beginning of Year	13,004,645	23,278,730	36,283,375
NET ASSETS - END OF YEAR	<u>\$ 25,115,799</u>	<u>\$ 20,372,909</u>	<u>\$ 45,488,708</u>

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 4,298,308	\$ 195,238	\$ 4,493,546
Grants	816,885	501,087	1,317,972
Total Public Support	5,115,193	696,325	5,811,518
Internal Special Events	7,176,497	4,905	7,181,402
Less Costs of Direct Benefits to Donors	(2,642,072)	-	(2,642,072)
Total Internal Special Events	4,534,425	4,905	4,539,330
Investment Income, Net	860,815	44,983	905,798
Other Income	26,675	-	26,675
Net Assets Released from Restrictions	950,279	(950,279)	-
Total Revenues, Gains, and Other Support	11,487,387	(204,066)	11,283,321
EXPENSES			
Program Services:			
Wish Granting	4,769,508	-	4,769,508
Total Program Services	4,769,508	-	4,769,508
Support Services:			
Fundraising	2,204,752	-	2,204,752
Management and General	841,578	-	841,578
Total Support Services	3,046,330	-	3,046,330
Total Expenses	7,815,838	-	7,815,838
NONOPERATING ACTIVITY			
Contributions	-	3,583,221	3,583,221
Bad Debt Expense	-	(8,373)	(8,373)
Total Nonoperating Activity	-	3,574,848	3,574,848
CHANGE IN NET ASSETS	3,671,549	3,370,782	7,042,331
Net Assets - Beginning of Year	9,333,096	19,907,948	29,241,044
NET ASSETS - END OF YEAR	<u>\$ 13,004,645</u>	<u>\$ 23,278,730</u>	<u>\$ 36,283,375</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 3,105,784	\$ -	\$ -	\$ -	\$ -	\$ 3,105,784
Salaries, Taxes, and Benefits	1,336,853	1,239,882	594,705	1,834,587	-	3,171,440
Printing, Subscriptions, and Publications	17,043	17,983	854	18,837	-	35,880
Professional Fees	36,527	87,391	12,664	100,055	-	136,582
Rent and Utilities	129,609	153,661	46,518	200,179	-	329,788
Postage and Delivery	4,233	17,349	1,389	18,738	-	22,971
Travel	9,372	18,280	1,702	19,982	-	29,354
Meetings and Conferences	6,701	31,183	2,715	33,898	-	40,599
Office Supplies	29,908	43,925	3,061	46,986	-	76,894
Communications	14,757	23,824	5,587	29,411	-	44,168
Advertising and Media (Cash)	657	2,162	3	2,165	-	2,822
Repairs and Maintenance	14,672	24,128	6,315	30,443	-	45,115
Insurance	2,451	2,509	875	3,384	-	5,835
Bad Debt Recovery	-	(7,242)	-	(7,242)	-	(7,242)
Membership Dues	4,650	6,597	1,335	7,932	-	12,582
National Partnership Dues	590,962	106,701	123,117	229,818	-	820,780
Miscellaneous	4,839	18,213	19,075	37,288	-	42,127
Interest Expense	-	-	64,559	64,559	-	64,559
Depreciation and Amortization	11,784	13,032	2,021	15,053	-	26,837
Special Event - Direct Donor Benefits	-	-	-	-	871,256	871,256
Total Expenses by Function	5,320,802	1,799,578	886,495	2,686,073	871,256	8,878,131
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(871,256)	(871,256)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 5,320,802	\$ 1,799,578	\$ 886,495	\$ 2,686,073	\$ -	\$ 8,006,875

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 2,427,061	\$ -	\$ -	\$ -	\$ -	\$ 2,427,061
Salaries, Taxes, and Benefits	1,324,631	1,486,162	669,737	2,155,899	-	3,480,530
Printing, Subscriptions, and Publications	15,116	24,994	115	25,109	-	40,225
Professional Fees	37,755	108,971	4,470	113,441	-	151,196
Rent and Utilities	133,334	155,209	46,637	201,846	-	335,180
Postage and Delivery	6,694	22,471	1,727	24,198	-	30,892
Travel	14,589	49,060	5,546	54,606	-	69,195
Meetings and Conferences	52,513	93,626	4,766	98,392	-	150,905
Office Supplies	45,012	45,052	5,186	50,238	-	95,250
Communications	23,456	32,004	8,662	40,666	-	64,122
Advertising and Media (Cash)	442	592	-	592	-	1,034
Repairs and Maintenance	17,799	27,573	7,077	34,650	-	52,449
Insurance	2,392	2,567	875	3,442	-	5,834
Membership Dues	3,018	6,125	426	6,551	-	9,569
National Partnership Dues	651,098	90,659	82,418	173,077	-	824,175
Miscellaneous	3,191	46,526	1,891	48,417	-	51,608
Depreciation and Amortization	11,407	13,161	2,045	15,206	-	26,613
Special Event - Direct Donor Benefits	-	-	-	-	2,642,072	2,642,072
Total Expenses by Function	4,769,508	2,204,752	841,578	3,046,330	2,642,072	10,457,910
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(2,642,072)	(2,642,072)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 4,769,508	\$ 2,204,752	\$ 841,578	\$ 3,046,330	\$ -	\$ 7,815,838

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 9,205,333	7,042,331
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	26,837	26,613
Forgiveness of Paycheck Protection Program Loan	(560,177)	-
Bad Debt Expense	2,694,933	31,056
Contributions Restricted for Long-Term Investment and Capital Campaign	(3,726,228)	-
Net Realized and Unrealized Gains on Investments	(2,799,608)	(648,706)
Contributed Property and Equipment and Inventory	(450,824)	-
(Increase) Decrease in Assets:		
Contributions Receivable	356,967	124,219
Due from Related Entities	(94,722)	17,823
Prepaid Expenses	192,858	(64,020)
Other Assets	214,547	(261,789)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	342,173	(434,505)
Due to Related Entities	(6,504)	(57,877)
Other Liabilities	71,560	(304,485)
Deferred Rent	38,798	158
Net Cash Provided by Operating Activities	5,505,943	5,470,818
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(6,965,638)	(5,431,810)
Proceeds from Sales of Investments	2,828,255	4,740,762
Purchases of Property and Equipment	(8,442,010)	(100,603)
Net Cash Used by Investing Activities	(12,579,393)	(791,651)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Long-Term Investment and Capital Campaign	2,318,841	-
Proceeds from Notes Payable	4,000,000	-
Proceeds from Paycheck Protection Program Loan	-	560,177
Net Cash Provided by Financing Activities	6,318,841	560,177
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(754,609)	5,239,344
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	12,871,878	7,632,534
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 12,117,269</u>	<u>\$ 12,871,878</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest Expense	<u>\$ 64,559</u>	<u>\$ -</u>
Contributed Property and Inventory	<u>\$ 450,824</u>	<u>\$ -</u>
Acquisition of Property and Equipment Through a Note Payable	<u>\$ 4,000,000</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 1 ORGANIZATION

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

Measure of Operations

In the statement of activities, the Foundation includes in its definition of operations all resources and expenses that are an integral part of its program and supporting activities. Nonoperating activity consists of contributions that are restricted by donors for the construction of capital assets and related bad debt.

Cash, Cash Equivalents, and Restricted Cash

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Restricted cash represents monies that are donor-restricted to be used for the construction of the Foundation's headquarters.

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 changes in the values of investments will occur in the near term and that such changes could be material to the amounts reported in the statements of financial position.

Contributions Receivable

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

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
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 \$750 and a useful life of three or more years 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. 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. 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 the measurement date.

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 restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowments.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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

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

Revenue Recognition

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

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was \$871,256 for the year ended August 31, 2021. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met which is the occurrence of the event.

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discounts is recorded as additional contributions revenue.

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

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

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
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:

	Program	Fundraising	Management and General	Total
<u>August 31, 2021</u>				
Wish Related	\$ 468,137	\$ -	\$ -	\$ 468,137
Other	-	6,163	-	6,163
Total	<u>\$ 468,137</u>	<u>\$ 6,163</u>	<u>\$ -</u>	<u>474,300</u>
Special Events				105,229
Contributions Receivable, Net Change				5,352
Property and Equipment				450,824
Total				<u>\$ 1,035,705</u>
<u>August 31, 2020</u>				
Wish Related	\$ 703,136	\$ -	\$ -	\$ 703,136
Other	-	43,127	-	43,127
Total	<u>\$ 703,136</u>	<u>\$ 43,127</u>	<u>\$ -</u>	<u>746,263</u>
Special Events				728,304
Total				<u>\$ 1,474,567</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.

Property and equipment in-kind amounts include donated legal and architectural services related to the construction of the Foundation's headquarters.

Cash Flows

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the totals of the same such amounts shown in the statements of cash flows:

	2021	2020
Cash and Cash Equivalents	\$ 6,058,471	\$ 5,221,624
Restricted Cash	6,058,798	7,650,254
Total	<u>\$ 12,117,269</u>	<u>\$ 12,871,878</u>

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Florida income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 12-A of the Florida statutes, Chapter 212. 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 state of Florida jurisdiction.

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.

Nonoperating Activity

The Foundation accounts for contributions for the capital campaign for the future headquarters as a nonoperating activity on the statement of activities.

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 \$63,450 and \$24,652 at August 31, 2021 and 2020, respectively.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates

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

Change in Accounting Principle

In 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 Financial Accounting Standards Board issued Accounting Standards Update (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 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.

NOTE 3 LIQUIDITY AND AVAILABILITY

The Foundation monitors liquidity regularly through the 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.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

	2021	2020
Total Financial Assets	\$ 40,981,788	\$ 36,349,197
Donor-Imposed Restrictions:		
Restricted Funds	(16,751,661)	(19,853,710)
Endowments	(3,621,248)	(3,425,020)
Net Financial Assets after Donor-Imposed Restrictions	20,608,879	13,070,467
Internal Designations:		
Board-Designated Endowments	(963,889)	(871,446)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 19,644,990</u>	<u>\$ 12,199,021</u>

Financial assets include cash and cash equivalents, investments, due from related entities, contributions receivable, restricted cash, investments held for long-term purposes, and beneficial interest in assets held by others. 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.

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

The fair values of the financial instruments shown in the following table 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 SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value of Financial Instruments (Continued)

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 of directors or the executive committee, which oversees the Foundation's investment program in accordance with established guidelines.

Investments

Allocation of Investment Strategies

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

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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	Total
<u>August 31, 2021</u>				
Assets				
Investments:				
Equity Securities	\$ 10,586,348	\$ 8,432	\$ -	\$ 10,594,780
Debt Securities	1,883,366	1,183,604	-	3,066,970
Hedge Funds	2,551,461	-	-	2,551,461
Private Equity	-	-	382,624	382,624
Tangible Assets	1,288,052	-	-	1,288,052
Total Investments	16,309,227	1,192,036	382,624	17,883,887
Beneficial Interest in Trusts	-	-	852,736	852,736
Total Assets	<u>\$ 16,309,227</u>	<u>\$ 1,192,036</u>	<u>\$ 1,235,360</u>	<u>\$ 18,736,623</u>
	Level 1	Level 2	Level 3	Total
<u>August 31, 2020</u>				
Assets				
Investments:				
Equity Securities	\$ 6,603,834	\$ -	\$ -	\$ 6,603,834
Debt Securities	1,257,857	645,747	-	1,903,604
Hedge Funds	1,536,922	-	-	1,536,922
Private Equity	-	-	270,190	270,190
Tangible Assets	740,608	-	-	740,608
Total Investments	10,139,221	645,747	270,190	11,055,158
Beneficial Interest in Trusts	-	-	744,474	744,474
Total Assets	<u>\$ 10,139,221</u>	<u>\$ 645,747</u>	<u>\$ 1,014,664</u>	<u>\$ 11,799,632</u>

For the valuation of equity and debt securities at August 31, 2021 and 2020, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

The Foundation has investments in private equity funds that were valued at a combined total of \$382,624 and \$270,190 at August 31, 2021 and 2020, respectively. The original commitments by the Foundation to these private equity funds totaled \$500,000 on a combined basis. As of August 31, 2021 and 2020, the Foundation has an unfunded commitment of \$198,000 and \$228,000, respectively. There is no option to redeem or liquidate the interest in these funds.

The Foundation has a beneficial interest in perpetual trusts as described in Note 5. There were no transfers between investment levels during the years ended August 31, 2021 and 2020.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

Purchases of Level 3 investments consist of the following for the years ended August 31:

	2021	2020
Purchases	\$ 30,000	\$ 60,000

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
Investments	\$ 382,624	Net Asset Value	Value of Underlying Assets
Beneficial Interests in Trusts Held by Others	852,736	Net Asset Value	Value of Underlying Assets
Total	<u>\$ 1,235,360</u>		
Type of Assets	Fair Value at August 31, 2020	Principal Valuation Technique	Unobservable Inputs
Investments	\$ 270,190	Net Asset Value	Value of Underlying Assets
Beneficial Interests in Trusts Held by Others	744,474	Net Asset Value	Value of Underlying Assets
Total	<u>\$ 1,014,664</u>		

NOTE 5 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Foundation is a named income beneficiary on various perpetual trusts, the corpus of which is not controlled by management of the Foundation. Under these agreements, the Foundation has the irrevocable right to receive all or a portion of the income earned on the underlying assets held in perpetuity. Accordingly, donor restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation receives notice that the trust agreement conveys an unconditional right to receive benefits.

Subsequent changes in value of the underlying assets have been recorded in the accompanying statement of activities as a component of net assets with restrictions and realized and unrealized gains and losses on investments.

The Foundation's beneficial interest in the trust is \$852,736 and \$744,474 as of August 31, 2021 and 2020, respectively. The Foundation used significant unobservable inputs including information from owner-to-owner transactions and the Foundation's own assumptions (Level 3) to determine fair value.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 6 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from 0.40% to 1.85% at August 31, 2021 and 0.28% to 1.26% at August 31, 2020. The following is a summary of the Foundation's contributions receivable at August 31:

	2021	2020
Total Amounts Due in:		
Within One Year	\$ 4,082,986	\$ 3,394,339
One to Five Years	3,742,690	4,692,853
More than Five Years	2,705,000	4,052,333
Gross Contributions Receivable	10,530,676	12,139,525
Less Allowance for Doubtful Accounts	(73,720)	(104,016)
Less Discount to Present Value	(593,641)	(527,681)
Contributions Receivable, Net	<u>\$ 9,863,315</u>	<u>\$ 11,507,828</u>

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 \$1,789,156 and \$1,652,642 from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for annual 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 \$851,001 and \$863,006 were paid by 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. Under this program, the Foundation received \$12,900 and \$26,675, respectively, during the years ended August 31, 2021 and 2020, which is recorded in the accompanying statements of activities as other income.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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

	2021	2020
Due from National Organization	\$ 189,317	\$ 169,560
Due from Other Chapters	75,264	299
Total Due from Related Entities	<u>\$ 264,581</u>	<u>\$ 169,859</u>
Due to National Organization	\$ 485	\$ 5,975
Due to Other Chapters	23	1,037
Total Due to Related Entities	<u>\$ 508</u>	<u>\$ 7,012</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, 2021 and 2020, the Foundation received contributions, both cash and in-kind, from board members totaling \$6,639,694 and \$771,676, respectively. At August 31, 2021 and 2020, amounts due from board members totaled \$7,730,037 and \$7,964,367, respectively, primarily for pledged contributions in connection with the Foundation's endowment and capital campaign and are included in contributions receivable in the accompanying statements of financial position.

NOTE 8 PROPERTY AND EQUIPMENT, NET

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

	2021	2020
Land	\$ 8,013,080	\$ -
Computer Equipment and Software	157,067	149,483
Office Furniture	114,164	98,164
Total	8,284,311	247,647
Less Accumulated Depreciation and Amortization	(244,346)	(217,509)
Construction in Progress	1,052,788	196,618
Property and Equipment, Net	<u>\$ 9,092,753</u>	<u>\$ 226,756</u>

Depreciation and amortization expense totaled \$26,837 and \$26,613, respectively, for the years ended August 31, 2021 and 2020.

Construction in progress includes funds spent to date on the construction of the Foundation's headquarters.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 9 NOTES PAYABLE

The Foundation has a line of credit with a financial institution totaling \$1,000,000 secured by investments, bearing interest at the London Interbank Offered Rate (LIBOR) plus 2.15% and expiring on September 1, 2021. Effective September 1, 2021, the line of credit was renewed for two additional years and interest rate provisions were revised to Bloomberg Short-Term Bank Yield (BSBY) plus 2.15%. There was no outstanding balance on this line of credit as of August 31, 2021 or 2020.

On January 19, 2021, the Foundation closed on the purchase of 1.62 acres of land located in Miami, Florida, which it intends to develop into its headquarters. The purchase price of \$8,000,000 was partially funded by a \$4,000,000 note payable secured by a mortgage on the property and bearing interest at LIBOR plus 2.5% per annum through its maturity date of July 19, 2022. Interest only payments are payable monthly with any remaining principal due at maturity. The remaining principal payments subsequent to August 31, 2021 are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2022	\$ 4,000,000
Total	<u>\$ 4,000,000</u>

NOTE 10 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through April 2026. Total rent expense for all operating leases for the years ended August 31, 2021 and 2020 totaled \$302,909 and \$308,351, 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</u>
2022	\$ 364,320
2023	307,714
2024	86,129
2025	84,023
2026	52,961
Total	<u>\$ 895,147</u>

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 11 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:		
General Purpose	\$ 67,451	\$ 52,992
Capital Campaign Pledges to be Received in Future Years	8,616,264	10,044,113
Capital Campaign Restricted Cash	6,058,798	7,650,254
Disney Package Postage	5,248	-
Total	<u>14,747,761</u>	<u>17,747,359</u>
Subject to Passage of Time:		
General Time Restrictions	<u>644,964</u>	<u>901,901</u>
Total	644,964	901,901
Endowments:		
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Investments in Perpetuity, the Income from which is Expendable to Support any Activities of the Foundation	3,621,248	3,425,020
Beneficial Interest in Assets Held by Others	852,736	744,474
Endowment Contributions Receivable	506,200	459,976
Total	<u>4,980,184</u>	<u>4,629,470</u>
Total Donor-Restricted Net Assets	<u><u>\$ 20,372,909</u></u>	<u><u>\$ 23,278,730</u></u>

NOTE 12 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 26 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Donor restricted endowment assets are reflected as investments held for long-term purposes on the statements of financial position.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 12 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

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

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
<hr/> August 31, 2021 <hr/>			
Donor-Restricted Endowment Funds	\$ -	\$ 3,621,248	\$ 3,621,248
Board-Designated Endowment Funds	963,889	-	963,889
Total Funds	<u>\$ 963,889</u>	<u>\$ 3,621,248</u>	<u>\$ 4,585,137</u>
<hr/> August 31, 2020 <hr/>			
Donor-Restricted Endowment Funds	\$ -	\$ 3,425,020	\$ 3,425,020
Board-Designated Endowment Funds	871,446	-	871,446
Total Funds	<u>\$ 871,446</u>	<u>\$ 3,425,020</u>	<u>\$ 4,296,466</u>

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 12 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

August 31, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ 871,446	\$ 3,425,020	\$ 4,296,466
Investment Return:			
Investment Income	778,475	-	778,475
Total Investment Return	778,475	-	778,475
Contributions	-	196,228	196,228
Appropriation of Endowment Asset for Expenditure	(686,032)	-	(686,032)
Endowment Funds - End of Year	<u>\$ 963,889</u>	<u>\$ 3,621,248</u>	<u>\$ 4,585,137</u>
August 31, 2020			
Endowment Funds - Beginning of Year	\$ 848,380	\$ 3,015,309	\$ 3,863,689
Investment Return:			
Investment Income	330,043	-	330,043
Total Investment Return	330,043	-	330,043
Contributions	-	409,711	409,711
Appropriation of Endowment Asset for Expenditure	(306,977)	-	(306,977)
Endowment Funds - End of Year	<u>\$ 871,446</u>	<u>\$ 3,425,020</u>	<u>\$ 4,296,466</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 and 2020.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment fund(s) while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 8.25% annually. Actual returns in any given year may vary from this amount.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 12 ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of spending all earnings on donor restricted endowments. All amounts were considered appropriated based on this policy. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity for a specified term as well as to provide additional real growth through new gifts and investment returns.

NOTE 13 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 (IRC) limitations. The Foundation matches employee contributions up to 4% of the employee's salary and incorporates a five-year graded vesting schedule. Foundation contributions to the Plan for the year ended August 31, 2021 and 2020 were \$80,739 and \$76,551, respectively.

NOTE 14 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 \$6,075,000 and \$3,033,000, were received from two donors, respectively, for the years ended August 31, 2021 and 2020, which represents 35% and 18%, respectively, of raised revenue which consists of total public support, gross internal special event revenue and nonoperating contributions. For the year ended August 31, 2021, contributions totaling \$6,000,000 were made to the capital campaign and a one-time estate gift. These contributions did not affect ongoing operations. For the year ended August 31, 2020, contributions totaling \$3,008,000 were made to the capital campaign.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 15 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 16 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal year ended August 31, 2021 and 2020, the Foundation granted 401 and 268 wishes, respectively. As of August 31, 2021 and 2020, respectively, there were approximately 602 and 659 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2021 was \$6,287 in cash and \$1,015 in in-kind for a total cost of \$7,302. The average cost of a wish for the year ended August 31, 2020 was \$7,892 in cash and \$4,080 in in-kind for a total cost of \$11,972.

NOTE 17 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 the Foundation's 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 78% of wishes granted and the number of granted wishes averaged approximately 523. The number of wishes granted during the years ended August 31, 2021 and 2020 was 401 and 268, 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 18 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$560,177 loan under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (SBA). The loan was received on April 20, 2020. The loan accrued interest at 1%, but payments were 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 superseded the loan agreement. The Foundation was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and was fully guaranteed by the Federal government. The Foundation received forgiveness of \$560,177 on December 29, 2020.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 18 PAYCHECK PROTECTION PROGRAM (CONTINUED)

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.

NOTE 19 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 19, 2022, the date at which the financial statements were available to be issued.