

**MAKE-A-WISH FOUNDATION® OF  
EASTERN NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of Eastern North Carolina  
Raleigh, North Carolina

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Eastern North Carolina 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 Eastern North Carolina

***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 Eastern North Carolina 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**

Lakeland, Florida  
January 26, 2022

**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 674,068	\$ 528,023
Investments	435,912	427,099
Due from Related Entities	213,319	171,588
Prepaid Expenses	19,902	53,396
Contributions Receivable, Net	34,955	-
Other Assets	42,481	16,177
Property and Equipment, Net	9,614	16,040
Total Assets	\$ 1,430,251	\$ 1,212,323
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 38,696	\$ 16,569
Due to Related Entities	6,119	15,043
Deferred Rent	31,485	33,910
Capital Lease Obligations	4,064	7,552
Paycheck Protection Program	-	170,600
Total Liabilities	80,364	243,674
<b>NET ASSETS</b>		
Without Donor Restrictions	1,158,441	917,149
With Donor Restrictions	191,446	51,500
Total Net Assets	1,349,887	968,649
Total Liabilities and Net Assets	\$ 1,430,251	\$ 1,212,323

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions	\$ 1,723,783	\$ 39,946	\$ 1,763,729
Grants	76,719	150,000	226,719
Total Public Support	1,800,502	189,946	1,990,448
Internal Special Events	105,304	-	105,304
Less Costs of Direct Benefits to Donors	(2,205)	-	(2,205)
Total Internal Special Events	103,099	-	103,099
Investment Income, Net	3,380	-	3,380
Forgiveness of Paycheck Protection Program Loan	341,569	-	341,569
Other Income	9,362	-	9,362
Net Assets Released from Restrictions	50,000	(50,000)	-
Total Revenues, Gains, and Other Support	2,307,912	139,946	2,447,858
<b>EXPENSES</b>			
Program Services:			
Wish Granting	1,279,099	-	1,279,099
Total Program Services	1,279,099	-	1,279,099
Support Services:			
Fundraising	406,435	-	406,435
Management and General	381,086	-	381,086
Total Support Services	787,521	-	787,521
Total Expenses	2,066,620	-	2,066,620
<b>CHANGE IN NET ASSETS</b>	241,292	139,946	381,238
Net Assets - Beginning of Year	917,149	51,500	968,649
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,158,441</b>	<b>\$ 191,446</b>	<b>\$ 1,349,887</b>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions	\$ 1,771,322	\$ -	\$ 1,771,322
Grants	32,754	50,000	82,754
Total Public Support	1,804,076	50,000	1,854,076
Internal Special Events	579,441	-	579,441
Less Costs of Direct Benefits to Donors	(24,433)	-	(24,433)
Total Internal Special Events	555,008	-	555,008
Investment Income, Net	4,728	-	4,728
Other Income	2,150	-	2,150
Net Assets Released from Restrictions	397,537	(397,537)	-
Total Revenues, Gains, and Other Support	2,763,499	(347,537)	2,415,962
<b>EXPENSES</b>			
Program Services:			
Wish Granting	1,804,415	-	1,804,415
Total Program Services	1,804,415	-	1,804,415
Support Services:			
Fundraising	557,070	-	557,070
Management and General	310,290	-	310,290
Total Support Services	867,360	-	867,360
Total Expenses	2,671,775	-	2,671,775
<b>CHANGE IN NET ASSETS</b>	91,724	(347,537)	(255,813)
Net Assets - Beginning of Year	825,425	399,037	1,224,462
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 917,149</b>	<b>\$ 51,500</b>	<b>\$ 968,649</b>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA**  
**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	\$ 662,977	\$ -	\$ -	\$ -	\$ -	\$ 662,977
Salaries, Taxes, and Benefits	393,710	307,816	246,069	553,885	-	947,595
Printing, Subscriptions, and Publications	189	8,282	3,727	12,009	-	12,198
Professional Fees	218	8,916	61,838	70,754	-	70,972
Rent and Utilities	42,564	33,151	26,615	59,766	-	102,330
Postage and Delivery	1,112	954	900	1,854	-	2,966
Travel	1,544	2,667	810	3,477	-	5,021
Meetings and Conferences	-	2,177	200	2,377	-	2,377
Office Supplies	841	586	203	789	-	1,630
Communications	4,428	3,298	2,646	5,944	-	10,372
Advertising and Media (Cash)	-	2,113	-	2,113	-	2,113
Repairs and Maintenance	87	68	74	142	-	229
Membership Dues	-	97	-	97	-	97
National Partnership Dues	160,996	22,999	25,090	48,089	-	209,085
Miscellaneous	7,760	11,211	11,261	22,472	-	30,232
Depreciation and Amortization	2,673	2,100	1,653	3,753	-	6,426
Special Event - Direct Donor Benefits	-	-	-	-	2,205	2,205
Total Expenses by Function	<u>1,279,099</u>	<u>406,435</u>	<u>381,086</u>	<u>787,521</u>	<u>2,205</u>	<u>2,068,825</u>
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,205)</u>	<u>(2,205)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,279,099</u>	<u>\$ 406,435</u>	<u>\$ 381,086</u>	<u>\$ 787,521</u>	<u>\$ -</u>	<u>\$ 2,066,620</u>

See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA**  
**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	\$ 1,132,078	\$ -	\$ -	\$ -	\$ -	\$ 1,132,078
Salaries, Taxes, and Benefits	438,911	396,038	185,775	581,813	-	1,020,724
Printing, Subscriptions, and Publications	2,914	9,037	819	9,856	-	12,770
Professional Fees	451	9,130	61,439	70,569	-	71,020
Rent and Utilities	44,701	40,335	18,933	59,268	-	103,969
Postage and Delivery	888	1,408	202	1,610	-	2,498
Travel	1,362	8,462	6,167	14,629	-	15,991
Meetings and Conferences	29	22,903	3,461	26,364	-	26,393
Office Supplies	321	397	1,146	1,543	-	1,864
Communications	3,876	3,307	2,337	5,644	-	9,520
Advertising and Media (Cash)	-	3,298	-	3,298	-	3,298
Repairs and Maintenance	431	389	201	590	-	1,021
Membership Dues	4	118	2	120	-	124
National Partnership Dues	166,342	21,056	23,161	44,217	-	210,559
Miscellaneous	7,390	36,936	4,651	41,587	-	48,977
Depreciation and Amortization	4,717	4,256	1,996	6,252	-	10,969
Special Event - Direct Donor Benefits	-	-	-	-	24,433	24,433
Total Expenses by Function	<u>1,804,415</u>	<u>557,070</u>	<u>310,290</u>	<u>867,360</u>	<u>24,433</u>	<u>2,696,208</u>
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,433)</u>	<u>(24,433)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,804,415</u>	<u>\$ 557,070</u>	<u>\$ 310,290</u>	<u>\$ 867,360</u>	<u>\$ -</u>	<u>\$ 2,671,775</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 381,238	\$ (255,813)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	6,426	10,969
Forgiveness of Paycheck Protection Program Loan	(341,569)	-
Net Realized and Unrealized (Gains) Losses on Investments	(3,006)	76
(Increase) Decrease in Assets:		
Contributions Receivable	(34,955)	391,538
Due from Related Entities	(41,731)	(120,293)
Prepaid Expenses	33,494	3,666
Other Assets	(26,304)	9,821
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	22,127	(58,646)
Due to Related Entities	(8,924)	7,335
Deferred Rent	(2,425)	623
Net Cash Used by Operating Activities	(15,629)	(10,724)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(11,145)	(19,546)
Proceeds from Sales of Investments	5,338	10,275
Purchases of Property and Equipment	-	(1,798)
Net Cash Used by Investing Activities	(5,807)	(11,069)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease Obligations	(3,488)	(3,254)
Proceeds from Paycheck Protection Program Loan	170,969	170,600
Net Cash Provided by Financing Activities	167,481	167,346
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	146,045	145,553
Cash and Cash Equivalents - Beginning of Year	528,023	382,470
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 674,068	\$ 528,023
 <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest Expense	\$ 1,616	\$ 653

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021 AND 2020**

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of Eastern North Carolina (the Foundation) is a North Carolina 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 EASTERN NORTH CAROLINA**  
**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 \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally three to five years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

**Fair Value Measurements**

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

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

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

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

**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021 AND 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

*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.

**Net Assets**

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

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

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

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

**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 approximately \$2,200 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.

**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021 AND 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

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

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

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

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

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2021</u>				
Wish Related	\$ 166,577	\$ -	\$ -	\$ 166,577
Other	2,610	2,002	1,607	6,219
Total	<u>\$ 169,187</u>	<u>\$ 2,002</u>	<u>\$ 1,607</u>	<u>172,796</u>
Contributions Receivable, Net Change				34,955
Other Assets, Net Change				4,217
Total				<u>\$ 211,969</u>
<u>August 31, 2020</u>				
Wish Related	\$ 236,935	\$ -	\$ -	\$ 236,935
Other	270	9,163	15	9,447
Total	<u>\$ 237,205</u>	<u>\$ 9,163</u>	<u>\$ 15</u>	<u>246,382</u>
Special Events				1,400
Total				<u>\$ 247,782</u>

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

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

**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021 AND 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

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

**Income Taxes**

The Foundation is a nonprofit organization exempt from federal income and North Carolina income or franchise taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Chapter 55A of the General Statutes of North Carolina. 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.

**Fundraising**

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

**Management and General**

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

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

**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021 AND 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Rent**

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$31,485 and \$33,910, respectively at August 31, 2021 and 2020.

**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 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 EASTERN NORTH CAROLINA**  
**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.

	2021	2020
Total Financial Assets	\$ 1,358,254	\$ 1,126,710
Donor-Imposed Restrictions:		
Restricted Funds	(191,446)	(51,500)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,166,808	\$ 1,075,210

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

As part of the Foundation's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds.

**NOTE 4 FAIR VALUE MEASUREMENTS**

**Fair Value of Financial Instruments**

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

The fair values of the financial instruments shown in the following table as of August 31, 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.

**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, which oversees the Foundation's investment program in accordance with established guidelines.

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**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	Assets Not Held at Fair Value	Total
<u>August 31, 2021</u>					
<b>Assets</b>					
Investments:					
Mutual Funds	\$ 425,936	\$ -	\$ -	\$ -	\$ 425,936
Cash	9,977	-	-	-	9,977
Total Assets	<u>\$ 435,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,912</u>
	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2020</u>					
<b>Assets</b>					
Investments:					
Mutual Funds	\$ 9,559	\$ -	\$ -	\$ -	\$ 9,559
Money Market Funds	412,903	-	-	-	412,903
Cash	4,637	-	-	-	4,637
Total Assets	<u>\$ 427,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427,099</u>

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

The Foundation had \$34,955 in contributions receivable as of August 31, 2020 from one donor. The Foundation had no contributions receivable as of August 31, 2020. All contributions receivable are due within the next 12 months. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2021 and 2020.

**NOTE 6 TRANSACTIONS WITH RELATED ENTITIES**

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2021 and 2020, respectively, the Foundation received \$648,856 and \$571,255 from these national revenue streams.

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**NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)**

As part of the National Organization’s Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation received \$150,000 and \$-0- during the years ended August 31, 2021 and 2020, respectively.

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 \$285,553 and \$273,408 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. Under this program, the Foundation received \$1,550 and \$2,150, respectively, for the years ended August 31, 2021 and 2020, which is recorded in the accompanying statements of activities as other income.

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

	2021	2020
Due from National Organization	\$ 212,114	\$ 171,588
Due from Other Chapters	1,205	-
Total Due from Related Entities	<u>\$ 213,319</u>	<u>\$ 171,588</u>
Due to National Organization	\$ 55	\$ 15,043
Due to Other Chapters	6,064	-
Total Due to Related Entities	<u>\$ 6,119</u>	<u>\$ 15,043</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 \$47,150 and \$81,687, respectively. There were no amounts due from board members as of August 31, 2021 and 2020.

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**NOTE 7 PROPERTY AND EQUIPMENT, NET**

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

	2021	2020
Computer Equipment and Software	\$ 59,897	\$ 59,897
Office Furniture and Equipment	44,864	44,864
Leasehold Improvements	8,762	8,762
Total	113,523	113,523
Less: Accumulated Depreciation and Amortization	(103,909)	(97,483)
Property and Equipment, Net	\$ 9,614	\$ 16,040

Depreciation and amortization expense totaled \$6,426 and \$10,969, respectively for the years ended August 31, 2021 and 2020.

**NOTE 8 NOTES PAYABLE**

On July 9, 2021, the Foundation entered into a line of credit with a financial institution totaling \$350,000 secured by investments, bearing interest at the greater of a floating rate equal to the Index plus 0.5% or the Floor Rate of 5.0% and expiring on July 5, 2022. There was \$-0- outstanding on this line of credit as of August 31, 2021.

**NOTE 9 LEASES**

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through December 31, 2024. As of August 31, 2021 and 2020, the cost of leased property and equipment under capital leases was \$16,440 and accumulated depreciation was \$12,878 and \$9,590, respectively. Total rent expense for all operating leases for the years ended August 31, 2021 and 2020 totaled \$102,330 and \$103,969, respectively.

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

<u>Year Ending August 31,</u>	Operating Leases	Capital Leases
2022	\$ 108,555	\$ 3,906
2023	111,788	326
2024	114,543	-
2025	39,069	-
Total Minimum Lease Payments	373,955	4,232
Less Amounts Representing Interest	-	(168)
Present Value of Net Minimum Lease Payments	\$ 373,955	\$ 4,064

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**NOTE 10 NET ASSETS**

**Net Assets With Donor Restrictions**

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

	2021	2020
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 191,446	\$ 1,500
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but which are Unavailable for Expenditure Until Due	-	50,000
Total Donor-Restricted Net Assets	\$ 191,446	\$ 51,500

**NOTE 11 RETIREMENT PLAN**

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of three months of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code limitations. The Foundation matches employee contributions up to 3% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2021 and 2020 were \$18,372 and \$12,053, respectively.

**NOTE 12 CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash, cash equivalents, and investments. The Foundation places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the 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.

**NOTE 13 COMMITMENTS**

The goal of the Foundation is to grant the wish of every eligible child. During the years ending August 31, 2021 and 2020, the Foundation granted 100 and 121 wishes, respectively. As of August 31, 2021 and 2020, respectively, there were approximately 481 and 448 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2021 was \$4,599 in cash and \$1,520 in in-kind for a total cost of \$6,120. The average cost of a wish for the year ended August 31, 2020 was \$4,685 in cash and \$5,310 in in-kind for a total cost of \$9,995.

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**NOTE 14 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 83% of wishes granted and the number of granted wishes averaged approximately 191. The number of wishes granted during the years ended August 31, 2021 and 2020 was 100 and 121, 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 15 PAYCHECK PROTECTION PROGRAM**

The Foundation applied for and was approved for a \$170,600 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was received on May 1, 2020. 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 170,600 on December 1, 2020.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$170,969 loan. The loan was received on February 16, 2021. The loan accrues interest at 1%, with the first ten months of interest deferred, has a term of five years and is unsecured and guaranteed by the Small Business Administration. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation received forgiveness of \$170,969 on July 1, 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.

**NOTE 16 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through January 26, 2022, the date at which the financial statements were available to be issued.