

**MAKE-A-WISH FOUNDATION® OF MAINE**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED AUGUST 31, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of Maine  
Portland, Maine

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Maine, 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 Maine

***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 Maine as of August 31, 2021 and 2020, and the 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**

Phoenix, Arizona  
January 20, 2022

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

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 769,876	\$ 673,487
Investments	2,094,720	1,330,562
Due from Related Entities	27,227	11,152
Prepaid Expenses	38,349	36,510
Contributions Receivable, Net	-	4,500
Other Assets	29,753	25,269
Investments Held for Long-Term Purposes	1,271,699	1,056,769
Property and Equipment, Net	<u>11,188</u>	<u>18,348</u>
Total Assets	<u><u>\$ 4,242,812</u></u>	<u><u>\$ 3,156,597</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 77,823	\$ 68,040
Due to Related Entities	2,405	3,900
Other Liabilities	36,800	33,500
Deferred Rent	848	1,103
Capital Lease Obligations	2,478	5,670
Paycheck Protection Program	<u>70,000</u>	<u>77,190</u>
Total Liabilities	190,354	189,403
<b>NET ASSETS</b>		
Without Donor Restrictions	2,961,812	2,049,425
With Donor Restrictions	<u>1,090,646</u>	<u>917,769</u>
Total Net Assets	<u><u>4,052,458</u></u>	<u><u>2,967,194</u></u>
Total Liabilities and Net Assets	<u><u>\$ 4,242,812</u></u>	<u><u>\$ 3,156,597</u></u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF MAINE**  
**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	\$ 1,383,996	\$ 1,000	\$ 1,384,996
Grants	94,061	-	94,061
Total Public Support	1,478,057	1,000	1,479,057
Internal Special Events	511,677	-	511,677
Less: Costs of Direct Benefits to Donors	(49,667)	-	(49,667)
Total Internal Special Events	462,010	-	462,010
Investment Income, Net	300,617	172,877	473,494
Forgiveness of Paycheck Protection Program Loan	77,190	-	77,190
Other Income	600	-	600
Net Assets Released from Restrictions	1,000	(1,000)	-
Total Revenues, Gains, and Other Support	2,319,474	172,877	2,492,351
<b>EXPENSES</b>			
Program Services:			
Wish Granting	1,026,138	-	1,026,138
Total Program Services	1,026,138	-	1,026,138
Support Services:			
Fundraising	230,987	-	230,987
Management and General	149,962	-	149,962
Total Support Services	380,949	-	380,949
Total Expenses	1,407,087	-	1,407,087
<b>CHANGE IN NET ASSETS</b>	912,387	172,877	1,085,264
Net Assets - Beginning of Year	2,049,425	917,769	2,967,194
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,961,812</u>	<u>\$ 1,090,646</u>	<u>\$ 4,052,458</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF MAINE**  
**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	\$ 1,159,519	\$ -	\$ 1,159,519
Grants	65,650	10,000	75,650
Total Public Support	1,225,169	10,000	1,235,169
Internal Special Events	474,615	1,000	475,615
Less Costs of Direct Benefits to Donors	(79,195)	-	(79,195)
Total Internal Special Events	395,420	1,000	396,420
Investment Income, Net	110,254	101,441	211,695
Other Income	301	-	301
Net Assets Released from Restrictions	76,891	(76,891)	-
Total Revenues, Gains, and Other Support	1,808,035	35,550	1,843,585
<b>EXPENSES</b>			
Program Services:			
Wish Granting	1,044,063	-	1,044,063
Total Program Services	1,044,063	-	1,044,063
Support Services:			
Fundraising	306,959	-	306,959
Management and General	156,261	-	156,261
Total Support Services	463,220	-	463,220
Total Expenses	1,507,283	-	1,507,283
<b>CHANGE IN NET ASSETS</b>	300,752	35,550	336,302
Net Assets - Beginning of Year	1,748,673	882,219	2,630,892
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,049,425</u>	<u>\$ 917,769</u>	<u>\$ 2,967,194</u>

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services				
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	\$ 680,410	\$ -	\$ -	\$ -	\$ -	\$ 680,410
Salaries, Taxes, and Benefits	200,217	137,055	75,546	212,601	-	412,818
Printing, Subscriptions, and Publications	2,509	16,470	833	17,303	-	19,812
Professional Fees	1,892	30	37,100	37,130	-	39,022
Rent and Utilities	22,716	15,568	8,577	24,145	-	46,861
Postage and Delivery	4,335	1,770	288	2,058	-	6,393
Travel	1,911	1,087	10	1,097	-	3,008
Meetings and Conferences	473	2,984	1,509	4,493	-	4,966
Office Supplies	7,083	2,096	759	2,855	-	9,938
Communications	2,691	1,842	1,015	2,857	-	5,548
Advertising and Media (Cash)	-	440	-	440	-	440
Repairs and Maintenance	2,547	1,743	961	2,704	-	5,251
Membership Dues	1,556	1,065	587	1,652	-	3,208
National Partnership Dues	87,789	15,851	18,289	34,140	-	121,929
Miscellaneous	3,868	28,782	2,171	30,953	-	34,821
Depreciation and Amortization	6,141	4,204	2,317	6,521	-	12,662
Special Event - Direct Donor Benefits	-	-	-	-	49,667	49,667
Total	1,026,138	230,987	149,962	380,949	49,667	1,456,754
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(49,667)	(49,667)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,026,138</u>	<u>\$ 230,987</u>	<u>\$ 149,962</u>	<u>\$ 380,949</u>	<u>\$ -</u>	<u>\$ 1,407,087</u>

See accompanying Notes to Financial Statements.



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

	Program Services	Support Services				
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	\$ 686,238	\$ -	\$ -	\$ -	\$ -	\$ 686,238
Salaries, Taxes, and Benefits	187,564	165,752	82,876	248,628	-	436,192
Printing, Subscriptions, and Publications	2,330	16,131	708	16,839	-	19,169
Professional Fees	3,169	709	36,136	36,845	-	40,014
Rent and Utilities	19,195	16,964	8,482	25,446	-	44,641
Postage and Delivery	2,797	3,232	476	3,708	-	6,505
Travel	3,894	5,209	2,480	7,689	-	11,583
Meetings and Conferences	2,468	6,171	1,326	7,497	-	9,965
Office Supplies	6,868	2,560	900	3,460	-	10,328
Communications	2,388	2,111	1,055	3,166	-	5,554
Advertising and Media (Cash)	-	99	-	99	-	99
Advertising and Media (In-Kind)	-	41,127	-	41,127	-	41,127
Repairs and Maintenance	2,068	1,827	914	2,741	-	4,809
Membership Dues	1,508	2,007	666	2,673	-	4,181
National Partnership Dues	111,173	14,073	15,480	29,553	-	140,726
Miscellaneous	4,479	21,985	1,261	23,246	-	27,725
Depreciation and Amortization	7,924	7,002	3,501	10,503	-	18,427
Special Event - Direct Donor Benefits	-	-	-	-	79,195	79,195
Total	1,044,063	306,959	156,261	463,220	79,195	1,586,478
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(79,195)	(79,195)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,044,063</u>	<u>\$ 306,959</u>	<u>\$ 156,261</u>	<u>\$ 463,220</u>	<u>\$ -</u>	<u>\$ 1,507,283</u>

See accompanying Notes to Financial Statements.

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

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,085,264	\$ 336,302
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	12,662	18,427
Forgiveness of Paycheck Protection Program Loan	(77,190)	-
Net Realized and Unrealized Gains on Investments	(443,665)	(175,180)
Contributed Property and Equipment	-	(1,850)
(Increase) Decrease in Assets:		
Contributions Receivable	4,500	84,840
Due from Related Entities	(16,075)	10,976
Prepaid Expenses	(1,839)	(14,438)
Other Assets	(4,484)	22
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	9,783	(53,705)
Due to Related Entities	(1,495)	3,066
Other Liabilities	3,300	7,926
Deferred Rent	(255)	(2,913)
Net Cash Provided by Operating Activities	<u>570,506</u>	<u>213,473</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(637,929)	(628,894)
Proceeds from Sales of Investments	102,506	159,884
Purchases of Property and Equipment	<u>(5,502)</u>	<u>(3,402)</u>
Net Cash Used by Investing Activities	(540,925)	(472,412)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease Obligations	(3,192)	(3,066)
Proceeds from Paycheck Protection Program Loan	<u>70,000</u>	<u>77,190</u>
Net Cash Provided by Financing Activities	<u>66,808</u>	<u>74,124</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	96,389	(184,815)
Cash and Cash Equivalents - Beginning of Year	<u>673,487</u>	<u>858,302</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 769,876</u></u>	<u><u>\$ 673,487</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	<u><u>\$ 169</u></u>	<u><u>\$ 294</u></u>
Contributed Property and Equipment	<u><u>\$ -</u></u>	<u><u>\$ 1,850</u></u>

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

**NOTE 1 ORGANIZATION**

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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

**Cash and Cash Equivalents**

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

**Investments**

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

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

**Contributions Receivable**

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

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

*Level 3* – Unobservable inputs for the asset (or liability) used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset (or liability) at measurement date.

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

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

**Net Assets**

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

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

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions 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 \$50,000 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.

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

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

**Revenue Recognition (Continued)**

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

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

	Programs	Fundraising	Management and General	Total
<u>August 31, 2021</u>				
Wish Related	\$ 164,781	\$ -	\$ -	\$ 164,781
Professional Services	-	-	4,725	4,725
Other	158	138	-	296
Total	<u>\$ 164,939</u>	<u>\$ 138</u>	<u>\$ 4,725</u>	169,802
Special Events				3,997
Other Assets, Net Change				2,656
Total				<u>\$ 176,455</u>
<u>August 31, 2020</u>				
Wish Related	\$ 234,170	\$ -	\$ -	\$ 234,170
Advertising and Media	-	41,127	-	41,127
Other	2,035	76	-	2,111
Total	<u>\$ 236,205</u>	<u>\$ 41,203</u>	<u>\$ -</u>	277,408
Special Events				11,675
Property and Equipment (Capitalized)				1,850
Total				<u>\$ 290,933</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.

Donated advertising and media are 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.

**MAKE-A-WISH FOUNDATION® OF MAINE**  
**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 Maine taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Title 13-B of the Maine Revised Statutes. 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 one state 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 a specific program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

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

**Deferred Rent**

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$848 and \$1,103, respectively, at August 31, 2021 and 2020.

**MAKE-A-WISH FOUNDATION® OF MAINE**  
**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.

**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	\$ 4,163,522	\$ 3,076,470
Less: Donor Imposed Restrictions:		
Restricted Funds	(11,000)	(11,000)
Endowments	(1,079,646)	(906,769)
Net Financial Assets after Donor-Imposed Restrictions	<u>\$ 3,072,876</u>	<u>\$ 2,158,701</u>

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



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**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.

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

**Overall Investment Objective**

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Foundation diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the board's audit and finance committee, which oversees the Foundation's investment program in accordance with established guidelines.

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**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

**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 strategies, private equity, and real asset 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. Real estate funds generally hold interests in public real estate investment trusts (REITS) or commercial real estate through sole-member entities. Private equity and real asset strategies, therefore, 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.

**Fair Value Hierarchy**

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

<u>August 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Assets Not Held at Fair Value</u>	<u>Total</u>
Investments:					
Exchange-Traded Funds	\$ 2,341,251	\$ -	\$ -	\$ -	\$ 2,341,251
Equity Securities	216,491	-	-	-	216,491
Debt Securities	-	608,690	-	-	608,690
Cash	-	-	-	199,987	199,987
Total Investments	<u>\$ 2,557,742</u>	<u>\$ 608,690</u>	<u>\$ -</u>	<u>\$ 199,987</u>	<u>\$ 3,366,419</u>

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**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value Hierarchy (Continued)**

<u>August 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Assets Not Held at Fair Value</u>	<u>Total</u>
Investments:					
Mutual Funds	\$ 38,762	\$ -	\$ -	\$ -	\$ 38,762
Exchange-Traded Funds	1,386,926	-	-	-	1,386,926
Equity Securities	7,668	-	-	-	7,668
Debt Securities	-	680,599	-	-	680,599
Cash	-	-	-	273,376	273,376
Total Investments	<u>\$ 1,433,356</u>	<u>\$ 680,599</u>	<u>\$ -</u>	<u>\$ 273,376</u>	<u>\$ 2,387,331</u>

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

The Foundation's contributions receivable as of August 31, 2021 and 2020 were \$-0- and \$4,500, respectively. All contributions receivable at August 31, 2020 were due within the next 12 months. Management determined that all contributions receivable were fully collectible; therefore, no allowance for uncollectible accounts was considered necessary at August 31, 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, the Foundation received \$270,953 and \$182,773, respectively, 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 to the Foundation by the National Organization. Amounts totaling \$161,514 and \$180,038 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 \$600 and \$300, respectively, for the years ended August 31, 2021 and 2020, which is recorded in the accompanying statements of activities as Other Income.

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

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

	2021	2020
Due from National Organization	\$ 24,636	\$ 11,152
Due from Other Chapters	2,591	-
Total Due from Related Entities	<u>\$ 27,227</u>	<u>\$ 11,152</u>
Due to National Organization	\$ 2,405	\$ 3,900
Total Due to Related Entities	<u>\$ 2,405</u>	<u>\$ 3,900</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 \$57,991 and \$48,429, respectively.

**NOTE 7 PROPERTY AND EQUIPMENT, NET**

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

	2021	2020
Computer Equipment and Software	\$ 37,726	\$ 32,224
Other Equipment	30,554	30,554
Leasehold Improvements	26,243	26,243
Total	94,523	89,021
Less: Accumulated Depreciation and Amortization	(83,335)	(70,673)
Property and Equipment, Net	<u>\$ 11,188</u>	<u>\$ 18,348</u>

Depreciation and amortization expense totaled \$12,662 and \$18,427, respectively, for the years ended August 31, 2021 and 2020.

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**NOTE 8 LEASES**

The Foundation is obligated under various capital and operating leases for office space and equipment, which expire at various dates through December 2023. As of August 31, 2021 and 2020, the cost of leased property and equipment under capital leases was \$15,204 and accumulated depreciation was \$12,670 and \$9,629, respectively. Total rent expense for all operating leases for the years ended August 31, 2021 and 2020 totaled \$41,298 and \$38,695, respectively \$101,723 .

Subsequent to year-end, the Foundation entered into a capital lease agreement for a copier that expires in December 2027. The minimum lease payment is reflected in the following schedule.

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

<u>Year Ending August 31,</u>	<u>Operating Leases</u>	<u>Capital Leases</u>
2022	\$ 42,800	\$ 5,172
2023	44,084	3,978
2023	14,839	3,978
2024	-	3,978
2025	-	3,978
Thereafter	-	1,326
Total Minimum Lease Payments	<u>\$ 101,723</u>	22,410
Less: Amounts Representing Interest		<u>(1,932)</u>
Present Value of Net Minimum Lease Payments		<u>\$ 20,478</u>

**NOTE 9 NET ASSETS**

**Net Assets Without Donor Restrictions**

Board-designated net assets consist of the following at August 31:

	<u>2021</u>	<u>2020</u>
Board-Designated Endowment Funds	<u>\$ 192,053</u>	<u>\$ 150,000</u>
Total Board-Designated Net Assets	<u>\$ 192,053</u>	<u>\$ 150,000</u>

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**NOTE 9 NET ASSETS (CONTINUED)**

**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	\$ 11,000	\$ 10,000
Special Events	-	1,000
Total	11,000	11,000
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	424,991	252,114
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
UBS Endowment Fund	654,655	654,655
Total	1,079,646	906,769
Total Donor-Restricted Net Assets	<u>\$ 1,090,646</u>	<u>\$ 917,769</u>

**NOTE 10 ENDOWMENTS**

The Foundation is subject to the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and is required to make disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation's endowment consists of 15 individual funds established for a variety of purposes including donor-restricted endowment funds. 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. Endowment assets, both donor-restricted and board-designated, are reflected as investments held for long-term purposes on the statements of financial position.

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**NOTE 10 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law**

The board of directors of the Foundation has interpreted the Maine 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 net asset composition by type of fund as of August 31 is as follows:

August 31, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 1,079,646	\$ 1,079,646
Board-Designated Endowment Funds	192,053	-	192,053
Total Funds	<u>\$ 192,053</u>	<u>\$ 1,079,646</u>	<u>\$ 1,271,699</u>

  

August 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 906,769	\$ 906,769
Board-Designated Endowment Funds	150,000	-	150,000
Total Funds	<u>\$ 150,000</u>	<u>\$ 906,769</u>	<u>\$ 1,056,769</u>

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**NOTE 10 ENDOWMENTS (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 Net Assets - Beginning of Year	\$ 150,000	\$ 906,769	\$ 1,056,769
Investment Return:			
Investment Income	1,866	10,472	12,338
Net Appreciation (Realized and Unrealized)	40,187	162,405	202,592
Total Investment Return	42,053	172,877	214,930
Endowment Net Assets - End of Year	<u>\$ 192,053</u>	<u>\$ 1,079,646</u>	<u>\$ 1,271,699</u>
August 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ -	\$ 812,880	\$ 812,880
Investment Return:			
Investment Income	-	14,348	14,348
Net Appreciation (Realized and Unrealized)	-	87,093	87,093
Total Investment Return	-	101,441	101,441
Contributions	150,000	-	150,000
Appropriation of Endowment Assets for Expenditure	-	(7,552)	(7,552)
Endowment Net Assets - End of Year	<u>\$ 150,000</u>	<u>\$ 906,769</u>	<u>\$ 1,056,769</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 were 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 endowments 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 periods 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 5% annually. Actual returns in any given year may vary from this amount.



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**NOTE 10 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 appropriating for distribution each year 4% of the prior fiscal year-end endowment fund's balance which shall be made available annually for current operations unless the endowment is undervalued. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**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. 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 years ended August 31, 2021 and 2020 were \$8,870 and \$8,944, 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 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.

**NOTE 13 LITIGATION AND CLAIMS**

The Foundation is periodically involved in litigation and claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position, change in net assets, or liquidity.

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**NOTE 14 COMMITMENTS**

The goal of the Foundation is to grant the wish of every eligible child. During the years ended August 31, 2021 and 2020, the Foundation granted 67 and 57 wishes, respectively. As of both August 31, 2021 and 2020, there were approximately 105 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2021 was \$7,206 in cash and \$2,577 in in-kind for a total cost of \$9,783. The average cost of a wish for the year ended August 31, 2020 was \$6,990 in cash and \$5,897 in in-kind for a total cost of \$12,887.

**NOTE 15 RISKS AND UNCERTAINTIES**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began. On March 10, 2020, in conjunction with the Make-A-Wish America National Medical Advisory Council, Make-A-Wish America issued instructions to pause travel and large gathering wishes until deemed medically safe for our vulnerable population and their families. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic.

As of August 31, 2021, with the exception of regional travel, travel wishes are still paused. Prior to fiscal year 2020, travel wishes have been approximately 74% of wishes granted and the number of granted wishes averaged approximately 68. The number of wishes granted during the years ended August 31, 2021 and 2020 was 67 and 57, respectively.

The Foundation continues to evaluate all expenses and fundraising efforts in light of the impact of COVID-19. National efforts are underway to return to wish granting and fundraising efforts when it is deemed medically safe.

**NOTE 16 PAYCHECK PROTECTION PROGRAM**

The Foundation applied for and was approved for a \$77,190 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was received on April 14, 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 \$77,190 on February 19, 2021.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$70,000 loan. The loan was received on March 18, 2021. The loan accrues interest at 1%, with the first 10 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. Subsequent to year-end, the loan was forgiven.

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**NOTE 16 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 17 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through January 20, 2022, the date at which the financial statements were available to be issued.

