

**MAKE-A-WISH FOUNDATION® OF
SOUTH CAROLINA, INC.**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2021 AND 2020



WEALTH ADVISORY | OUTSOURCING
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**MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
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YEARS ENDED AUGUST 31, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of South Carolina, Inc.
Greenville, South Carolina

We have audited the accompanying financial statements of Make-A-Wish Foundation® of South Carolina, Inc. 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 South Carolina, Inc.

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 South Carolina, Inc. 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
February 10, 2022

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2021 AND 2020

| | 2021 | 2020 |
|---------------------------------------|--------------|--------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 3,079,955 | 1,892,050 |
| Due from Related Entities | 210,306 | 68,415 |
| Prepaid Expenses | 118,404 | 110,515 |
| Contributions Receivable, Net | 30,294 | 7,002 |
| Other Assets | 36,495 | 19,749 |
| Property and Equipment, Net | 37,300 | 55,015 |
| Total Assets | \$ 3,512,754 | \$ 2,152,746 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts Payable and Accrued Expenses | \$ 178,922 | \$ 114,850 |
| Due to Related Entities | 8,480 | 3,922 |
| Other Liabilities | 61,275 | 51,500 |
| Deferred Rent | 25,032 | 4,992 |
| Paycheck Protection Program | 192,917 | 213,840 |
| Notes Payable | - | 10,000 |
| Total Liabilities | 466,626 | 399,104 |
| NET ASSETS | | |
| Without Donor Restrictions | 2,842,353 | 1,753,642 |
| With Donor Restrictions | 203,775 | - |
| Total Net Assets | 3,046,128 | 1,753,642 |
| Total Liabilities and Net Assets | \$ 3,512,754 | \$ 2,152,746 |

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|--------------|
| REVENUES, GAINS, AND OTHER SUPPORT | | | |
| Public Support: | | | |
| Contributions | \$ 2,331,193 | \$ 36,275 | \$ 2,367,468 |
| Grants | 178,475 | 167,500 | 345,975 |
| Total Public Support | 2,509,668 | 203,775 | 2,713,443 |
| Internal Special Events | 1,067,212 | - | 1,067,212 |
| Less Costs of Direct Benefits to Donors | (123,582) | - | (123,582) |
| Total Internal Special Events | 943,630 | - | 943,630 |
| Investment Income (Loss), Net | 87 | - | 87 |
| Forgiveness of Paycheck Protection Program Loan | 213,840 | - | 213,840 |
| Other Income | 13,500 | - | 13,500 |
| Total Revenues, Gains, and Other Support | 3,680,725 | 203,775 | 3,884,500 |
| EXPENSES | | | |
| Program Services: | | | |
| Wish Granting | 1,487,094 | - | 1,487,094 |
| Total Program Services | 1,487,094 | - | 1,487,094 |
| Support Services: | | | |
| Fundraising | 816,652 | - | 816,652 |
| Management and General | 288,268 | - | 288,268 |
| Total Support Services | 1,104,920 | - | 1,104,920 |
| Total Expenses | 2,592,014 | - | 2,592,014 |
| CHANGE IN NET ASSETS | 1,088,711 | 203,775 | 1,292,486 |
| Net Assets - Beginning of Year | 1,753,642 | - | 1,753,642 |
| NET ASSETS - END OF YEAR | \$ 2,842,353 | \$ 203,775 | \$ 3,046,128 |

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|--------------|
| REVENUES, GAINS, AND OTHER SUPPORT | | | |
| Public Support: | | | |
| Contributions | \$ 2,736,220 | \$ - | \$ 2,736,220 |
| Grants | 100,520 | - | 100,520 |
| Total Public Support | 2,836,740 | - | 2,836,740 |
| Internal Special Events | 1,006,550 | - | 1,006,550 |
| Less Costs of Direct Benefits to Donors | (126,217) | - | (126,217) |
| Total Internal Special Events | 880,333 | - | 880,333 |
| Investment Income (Loss), Net | 140 | - | 140 |
| Other Income | 2,475 | - | 2,475 |
| Net Assets Released from Restrictions | 246,242 | (246,242) | - |
| Total Revenues, Gains, and Other Support | 3,965,930 | (246,242) | 3,719,688 |
| EXPENSES | | | |
| Program Services: | | | |
| Wish Granting | 2,253,639 | - | 2,253,639 |
| Total Program Services | 2,253,639 | - | 2,253,639 |
| Support Services: | | | |
| Fundraising | 891,077 | - | 891,077 |
| Management and General | 306,454 | - | 306,454 |
| Total Support Services | 1,197,531 | - | 1,197,531 |
| Total Expenses | 3,451,170 | - | 3,451,170 |
| CHANGE IN NET ASSETS | 514,760 | (246,242) | 268,518 |
| Net Assets - Beginning of Year | 1,238,882 | 246,242 | 1,485,124 |
| NET ASSETS - END OF YEAR | \$ 1,753,642 | \$ - | \$ 1,753,642 |

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021

| | Program Services | Support Services | | | | Total |
|---|---------------------|-------------------|------------------------|------------------------|-----------------------|---------------------|
| | Wish Granting | Fundraising | Management and General | Total Support Services | Direct Donor Benefits | |
| Direct Costs of Wishes | \$ 904,193 | \$ - | \$ - | \$ - | \$ - | \$ 904,193 |
| Salaries, Taxes, and Benefits | 314,894 | 577,305 | 157,447 | 734,752 | - | 1,049,646 |
| Printing, Subscriptions, and Publications | 5,084 | 27,244 | 1,047 | 28,291 | - | 33,375 |
| Professional Fees | 1,275 | 3,541 | 55,001 | 58,542 | - | 59,817 |
| Rent and Utilities | 15,871 | 29,097 | 8,137 | 37,234 | - | 53,105 |
| Postage and Delivery | 4,008 | 5,841 | 649 | 6,490 | - | 10,498 |
| Travel | 1,684 | 14,544 | 68 | 14,612 | - | 16,296 |
| Meetings and Conferences | 1,694 | 25,756 | 1,263 | 27,019 | - | 28,713 |
| Office Supplies | 13,755 | 5,143 | 1,516 | 6,659 | - | 20,414 |
| Communications | 3,354 | 6,150 | 1,805 | 7,955 | - | 11,309 |
| Advertising and Media (Cash) | - | 15,071 | - | 15,071 | - | 15,071 |
| Advertising and Media (In-Kind) | - | 3,000 | - | 3,000 | - | 3,000 |
| Repairs and Maintenance | 161 | 295 | 148 | 443 | - | 604 |
| Grants and Scholarships | - | 31 | 313 | 344 | - | 344 |
| National Partnership Dues | 211,020 | 38,101 | 43,963 | 82,064 | - | 293,084 |
| Miscellaneous | 3,400 | 53,248 | 13,560 | 66,808 | - | 70,208 |
| Depreciation and Amortization | 6,701 | 12,285 | 3,351 | 15,636 | - | 22,337 |
| Special Event - Direct Donor Benefits | - | - | - | - | 123,582 | 123,582 |
| Total Expenses by Function | <u>1,487,094</u> | <u>816,652</u> | <u>288,268</u> | <u>1,104,920</u> | <u>123,582</u> | <u>2,715,596</u> |
| Less Expenses Netted Against Revenues on the Statement of Activities: | | | | | | |
| Special Event Expenses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(123,582)</u> | <u>(123,582)</u> |
| Total Expenses Included in the Expense Section of the Statement of Activities | <u>\$ 1,487,094</u> | <u>\$ 816,652</u> | <u>\$ 288,268</u> | <u>\$ 1,104,920</u> | <u>\$ -</u> | <u>\$ 2,592,014</u> |

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2020

| | Program Services | Support Services | | | | Total |
|---|---------------------|-------------------|------------------------|------------------------|-----------------------|---------------------|
| | Wish Granting | Fundraising | Management and General | Total Support Services | Direct Donor Benefits | |
| Direct Costs of Wishes | \$ 1,520,530 | \$ - | \$ - | \$ - | \$ - | \$ 1,520,530 |
| Salaries, Taxes, and Benefits | 458,884 | 595,309 | 186,034 | 781,343 | - | 1,240,227 |
| Printing, Subscriptions, and Publications | 2,038 | 101,143 | 1,124 | 102,267 | - | 104,305 |
| Professional Fees | 1,632 | 7,270 | 57,621 | 64,891 | - | 66,523 |
| Rent and Utilities | 23,389 | 30,343 | 9,552 | 39,895 | - | 63,284 |
| Postage and Delivery | 3,915 | 5,897 | 710 | 6,607 | - | 10,522 |
| Travel | 1,458 | 18,455 | 1,002 | 19,457 | - | 20,915 |
| Meetings and Conferences | 13,123 | 38,374 | 14,369 | 52,743 | - | 65,866 |
| Office Supplies | 5,771 | 6,821 | 2,414 | 9,235 | - | 15,006 |
| Communications | 4,491 | 5,826 | 1,821 | 7,647 | - | 12,138 |
| Membership Dues | - | 1,649 | 17 | 1,666 | - | 1,666 |
| National Partnership Dues | 203,339 | 28,313 | 25,739 | 54,052 | - | 257,391 |
| Miscellaneous | 6,617 | 40,713 | 2,625 | 43,338 | - | 49,955 |
| Depreciation and Amortization | 8,452 | 10,964 | 3,426 | 14,390 | - | 22,842 |
| Special Event - Direct Donor Benefits | - | - | - | - | 126,217 | 126,217 |
| Total Expenses by Function | <u>2,253,639</u> | <u>891,077</u> | <u>306,454</u> | <u>1,197,531</u> | <u>126,217</u> | <u>3,577,387</u> |
| Less Expenses Netted Against Revenues on the Statement of Activities: | | | | | | |
| Special Event Expenses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(126,217)</u> | <u>(126,217)</u> |
| Total Expenses Included in the Expense Section of the Statement of Activities | <u>\$ 2,253,639</u> | <u>\$ 891,077</u> | <u>\$ 306,454</u> | <u>\$ 1,197,531</u> | <u>\$ -</u> | <u>\$ 3,451,170</u> |

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2021 AND 2020

| | 2021 | 2020 |
|--|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 1,292,486 | \$ 268,518 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation and Amortization | 22,337 | 22,842 |
| Forgiveness of Paycheck Protection Program Loan | (213,840) | - |
| Forgiveness of Economic Injury Disaster Loan | (10,000) | - |
| Contributed Property and Equipment and Inventory | (17,822) | (4,125) |
| (Increase) Decrease in Assets: | | |
| Contributions Receivable | (23,292) | 252,478 |
| Due from Related Entities | (141,891) | (25,224) |
| Prepaid Expenses | (7,889) | 31,488 |
| Other Assets | 1,076 | (11,704) |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable and Accrued Expenses | 64,072 | (105,709) |
| Due to Related Entities | 4,558 | (2,252) |
| Other Liabilities | 9,775 | 51,500 |
| Deferred Rent | 20,040 | 293 |
| Net Cash Provided by Operating Activities | 999,610 | 478,105 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of Property and Equipment | (4,622) | (3,750) |
| Net Cash Used by Investing Activities | (4,622) | (3,750) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal Payments on Capital Lease Obligations | - | (1,930) |
| Proceeds from Notes Payable | - | 10,000 |
| Proceeds from Payroll Protection Program | 192,917 | 213,840 |
| Net Cash Provided by Financing Activities | 192,917 | 221,910 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 1,187,905 | 696,265 |
| Cash and Cash Equivalents - Beginning of Year | 1,892,050 | 1,195,785 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 3,079,955 | \$ 1,892,050 |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION | | |
| Cash Paid for Interest Expense | \$ - | \$ 72 |
| Contributed Property and Inventory | \$ 17,822 | \$ 4,125 |

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of South Carolina, Inc. (the Foundation) is a South 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.

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.

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.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

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.

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 \$123,500 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 SOUTH CAROLINA, INC.
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 | \$ 216,237 | \$ - | \$ - | \$ 216,237 |
| Advertising and Media | - | 3,000 | - | 3,000 |
| Other | 2,905 | 573 | 11,164 | 14,642 |
| Total | <u>\$ 219,142</u> | <u>\$ 3,573</u> | <u>\$ 11,164</u> | 233,879 |
| Special Events | | | | 6,294 |
| Contributions Receivable, Net Change | | | | 30,294 |
| Other Assets, Net Change | | | | 17,822 |
| Total | | | | <u>\$ 288,289</u> |
| | | | | |
| | <u>Programs</u> | <u>Fundraising</u> | <u>Management and General</u> | <u>Total</u> |
| <u>August 31, 2020</u> | | | | |
| Wish Related | \$ 375,545 | \$ - | \$ - | \$ 375,545 |
| Rent | 888 | 1,152 | 360 | 2,400 |
| Other | 12,981 | 63,607 | 5,936 | 82,524 |
| Total | <u>\$ 389,414</u> | <u>\$ 64,759</u> | <u>\$ 6,296</u> | 460,469 |
| Special Events | | | | 9,887 |
| Property and Equipment | | | | 4,125 |
| Total | | | | <u>\$ 474,481</u> |

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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 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 taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 33-56-60 of the South Carolina Solicitation of Charitable Funds. 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.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

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.

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 \$25,032 and \$4,992, 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.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 3 LIQUIDITY AND AVAILABILITY

The Foundation monitors liquidity regularly through the monthly financial package provided to the board and through the enterprise-wide Benchmarks of Excellence. Holding 6 to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Total Financial Assets | \$ 3,320,555 | \$ 1,967,467 |
| Donor-Imposed Restrictions: | | |
| Restricted Funds | <u>(203,775)</u> | <u>-</u> |
| Net Financial Assets after Donor-Imposed Restrictions | <u>3,116,780</u> | <u>1,967,467</u> |
| Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year | <u>\$ 3,116,780</u> | <u>\$ 1,967,467</u> |

Financial Assets include cash and cash equivalents, 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.

NOTE 4 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2021 and 2020 were \$30,294 and \$7,002, respectively, which are due from 1 and 69 donors, respectively. 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 5 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 \$897,419 and \$882,037 from these national revenue streams.

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NOTE 5 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$385,047 and \$330,417 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 \$3,500 and \$2,475 , 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:

| | <u>2021</u> | <u>2020</u> |
|---------------------------------|-------------------|------------------|
| Due from National Organization | \$ 197,915 | \$ 67,198 |
| Due from Other Chapters | 12,391 | 1,217 |
| Total Due from Related Entities | <u>\$ 210,306</u> | <u>\$ 68,415</u> |
| Due to National Organization | \$ 2,629 | \$ 3,922 |
| Due to Other Chapters | 5,851 | - |
| Total Due to Related Entities | <u>\$ 8,480</u> | <u>\$ 3,922</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 \$199,281 and \$285,713, respectively.

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NOTE 6 PROPERTY AND EQUIPMENT, NET

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

| | <u>2021</u> | <u>2020</u> |
|---|------------------|------------------|
| Computer Equipment and Software | \$ 52,523 | \$ 55,401 |
| Other Equipment | 29,020 | 29,420 |
| Leasehold Improvements | <u>98,260</u> | <u>98,260</u> |
| Total | 179,803 | 183,081 |
| Less: Accumulated Depreciation and Amortization | <u>(142,503)</u> | <u>(128,066)</u> |
| Property and Equipment, Net | <u>\$ 37,300</u> | <u>\$ 55,015</u> |

Depreciation and amortization expense totaled \$22,337 and \$22,842, respectively, for the years ended August 31, 2021 and 2020.

NOTE 7 NOTES PAYABLE

In April 2020, the Foundation received an Economic Injury Disaster Loan from the U.S. Small Business Administration for \$10,000. The note bore interest at 2.75%, payments were deferred for one year and required principal payments in equal monthly installments of \$42, and the note matures in April 2050. The Foundation received forgiveness of this \$10,000 loan on March 1, 2021. This amount is included in Other Income on the statement of activities.

NOTE 8 LEASES

The Foundation is obligated under an operating lease for their office, which expires August 31, 2023. Total rent expense for the operating lease for the years ended August 31, 2021 and 2020 totaled \$48,423 and \$56,941, respectively.

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

| <u>Year Ending August 31:</u> | <u>Operating Leases</u> |
|-------------------------------|-----------------------------|
| 2022 | \$ 56,768 |
| 2023 | 56,768 |
| 2024 | <u>56,768</u> |
| Total Minimum Lease Payments | <u>\$ 170,304</u> |

Subsequent to year-end this lease was extended for an additional year and will expire August 31, 2024.

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NOTE 9 NET ASSETS

Net Assets With Donor Restrictions

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

| | <u>2021</u> | <u>2020</u> |
|---|------------------------------|------------------------|
| Subject to Expenditure for Specified Purpose: | | |
| Unconditional Promise to Give | \$ 30,294 | \$ - |
| Grants and Contributions | <u>23,481</u> | <u>-</u> |
| Total | 53,775 | - |
| Subject to Passage of Time: | | |
| Promises to Give that are Not Restricted by Donors but Which are Unavailable for Expenditure Until Due | <u>150,000</u> | <u>-</u> |
| Total | 150,000 | - |
| Total Donor-Restricted Net Assets | <u><u>\$ 203,775</u></u> | <u><u>\$ -</u></u> |

NOTE 10 RETIREMENT PLAN

The Foundation offers a Simplified Employee Pension Plan (the Plan). Employees are eligible for participation in the Plan upon completion of two years of service. Under the provisions of the Plan, the Foundation will contribute 5% of each eligible employee's salary. Foundation contributions to the Plan for the year ended August 31, 2021 and 2020 were \$37,659 and \$35,301, respectively.

NOTE 11 CONCENTRATIONS OF CREDIT RISK

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

Contributions totaling \$347,726 and \$391,000 were received from a single donor, respectively, of the years ended August 31, 2021 and 2020, which represents 13% and 14% of public support, respectively. Should these contribution levels decrease, the Foundation may be adversely affected.

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NOTE 12 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 116 and 135 wishes, respectively. As of August 31, 2021 and 2020, respectively, there were approximately 472 and 413 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2021 was \$6,648 in cash and \$2,234 in in-kind for a total cost of \$8,881. The average cost of a wish for the year ended August 31, 2020 was \$6,691 in cash and \$4,475 in in-kind for a total cost of \$11,166.

NOTE 13 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 78% of wishes granted and the number of granted wishes averaged approximately 200. The number of wishes during the years ended August 31, 2021 and 2020 was 116 and 135, 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 14 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$213,840 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 19, 2020. The loan accrues interest at 1%, but payments are not required to begin for 10 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 \$213,840 on 03/01/2021.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$192,917 loan. The loan was received on 02/12/2021. 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.

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NOTE 14 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 15 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through February 10, 2022, the date at which the financial statements were available to be issued.

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