

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



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**MAKE-A-WISH FOUNDATION® OF IOWA
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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 Iowa
Des Moines, Iowa

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Iowa (the Foundation), 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 from 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 control relevant to the Foundation'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 Foundation's internal control. 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 Iowa

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 Iowa 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
January 31, 2022

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

	<u>2021</u>	<u>2020</u>
ASSETS		
ASSETS		
Cash and Cash Equivalents	\$ 1,138,028	\$ 481,426
Investments	2,780,847	2,131,958
Due from Related Entities	35,197	18,550
Prepaid Expenses	121,482	134,701
Contributions Receivable, Net	1,383,036	188,643
Other Assets	15,050	9,900
Split-Interest Agreements	73,221	6,747
Property and Equipment, Net	146,833	189,378
Beneficial Interest in Assets Held by Others	<u>115,251</u>	<u>13,521</u>
Total Assets	<u><u>\$ 5,808,945</u></u>	<u><u>\$ 3,174,824</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 123,549	\$ 141,286
Due to Related Entities	2,349	14,202
Other Liabilities	89,870	137,280
Deferred Rent	9,992	9,384
Capital Lease Obligations	39,091	48,894
Paycheck Protection Program	<u>-</u>	<u>181,986</u>
Total Liabilities	264,851	533,032
NET ASSETS		
Without Donor Restrictions	3,436,306	2,502,482
With Donor Restrictions	<u>2,107,788</u>	<u>139,310</u>
Total Net Assets	<u><u>5,544,094</u></u>	<u><u>2,641,792</u></u>
Total Liabilities and Net Assets	<u><u>\$ 5,808,945</u></u>	<u><u>\$ 3,174,824</u></u>

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 1,287,970	\$ 2,002,086	\$ 3,290,056
Grants	70,561	7,790	78,351
Total Public Support	1,358,531	2,009,876	3,368,407
Internal Special Events	1,825,887	-	1,825,887
Less: Costs of Direct Benefits to Donors	(403,719)	-	(403,719)
Total Internal Special Events	1,422,168	-	1,422,168
Investment Income, Net	398,951	-	398,951
Forgiveness of Paycheck Protection Program Loan	181,986	-	181,986
Other Income	8,640	-	8,640
Net Assets Released from Restrictions	45,614	(45,614)	-
Total Revenues, Gains, and Other Support	3,415,890	1,964,262	5,380,152
EXPENSES			
Program Services:			
Wish Granting	1,355,210	-	1,355,210
Total Program Services	1,355,210	-	1,355,210
Support Services:			
Fundraising	846,423	-	846,423
Management and General	280,433	-	280,433
Total Support Services	1,126,856	-	1,126,856
Total Expenses	2,482,066	-	2,482,066
OTHER GAINS			
Change in Split-Interest Agreements	-	4,216	4,216
Loss on Sale of Property and Equipment	-	-	-
Total Other Gains Losses	-	4,216	4,216
CHANGE IN NET ASSETS	933,824	1,968,478	2,902,302
Net Assets - Beginning of Year	2,502,482	139,310	2,641,792
NET ASSETS - END OF YEAR	<u>\$ 3,436,306</u>	<u>\$ 2,107,788</u>	<u>\$ 5,544,094</u>

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 1,424,995	\$ 23,521	\$ 1,448,516
Grants	65,965	14,759	80,724
Total Public Support	1,490,960	38,280	1,529,240
Internal Special Events	1,423,545	5,000	1,428,545
Less: Costs of Direct Benefits to Donors	(357,997)	-	(357,997)
Total Internal Special Events	1,065,548	5,000	1,070,548
Investment Income, Net	96,832	-	96,832
Other Loss	(868)	(332)	(1,200)
Net Assets Released from Restrictions	679,358	(679,358)	-
Total Revenues, Gains, and Other Support	3,331,830	(636,410)	2,695,420
EXPENSES			
Program Services:			
Wish Granting	1,961,972	-	1,961,972
Total Program Services	1,961,972	-	1,961,972
Support Services:			
Fundraising	683,620	-	683,620
Management and General	417,712	-	417,712
Total Support Services	1,101,332	-	1,101,332
Total Expenses	3,063,304	-	3,063,304
OTHER GAINS			
Change in Split-Interest Agreements	-	(1,034)	(1,034)
Loss on Sale of Property and Equipment	3,415	-	3,415
Total Other Gains	3,415	(1,034)	2,381
CHANGE IN NET ASSETS	265,111	(635,376)	(370,265)
Net Assets - Beginning of Year	2,237,371	774,686	3,012,057
NET ASSETS - END OF YEAR	\$ 2,502,482	\$ 139,310	\$ 2,641,792

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF IOWA
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	\$ 772,593	\$ -	\$ -	\$ -	\$ -	\$ 772,593
Salaries, Taxes, and Benefits	304,035	332,024	86,401	418,425	-	722,460
Printing, Subscriptions, and Publications	364	40,933	316	41,249	-	41,613
Professional Fees	3,314	87,913	112,720	200,633	-	203,947
Rent and Utilities	44,631	37,694	19,520	57,214	-	101,845
Postage and Delivery	3,149	9,239	234	9,473	-	12,622
Travel	122	3,133	72	3,205	-	3,327
Meetings and Conferences	-	150,800	381	151,181	-	151,181
Office Supplies	8,834	9,809	536	10,345	-	19,179
Communications	5,776	5,854	2,282	8,136	-	13,912
Advertising and Media (Cash)	-	20,683	-	20,683	-	20,683
Advertising and Media (In-Kind)	-	14,288	-	14,288	-	14,288
Repairs and Maintenance	180	151	79	230	-	410
Insurance	642	539	281	820	-	1,462
Membership Dues	68	2,664	1,720	4,384	-	4,452
National Partnership Dues	183,179	33,074	38,162	71,236	-	254,415
Miscellaneous	7,672	80,267	8,697	88,964	-	96,636
Depreciation and Amortization	20,651	17,358	9,032	26,390	-	47,041
Special Event - Direct Donor Benefits	-	-	-	-	403,719	403,719
Total	1,355,210	846,423	280,433	1,126,856	403,719	2,885,785
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(403,719)	(403,719)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 1,355,210	\$ 846,423	\$ 280,433	\$ 1,126,856	\$ -	\$ 2,482,066

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF IOWA
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	\$ 1,354,612	\$ -	\$ -	\$ -	\$ -	\$ 1,354,612
Salaries, Taxes, and Benefits	326,690	381,342	198,275	579,617	-	906,307
Printing, Subscriptions, and Publications	501	86,875	2,109	88,984	-	89,485
Professional Fees	9,030	8,533	99,460	107,993	-	117,023
Rent and Utilities	38,743	50,591	20,686	71,277	-	110,020
Postage and Delivery	4,906	5,315	800	6,115	-	11,021
Travel	86	8,112	3,950	12,062	-	12,148
Meetings and Conferences	50	17,186	3,110	20,296	-	20,346
Office Supplies	13,573	7,965	916	8,881	-	22,454
Communications	8,610	10,761	3,861	14,622	-	23,232
Advertising and Media (Cash)	-	24,648	-	24,648	-	24,648
Repairs and Maintenance	771	959	3,809	4,768	-	5,539
Insurance	258	323	1,449	1,772	-	2,030
Membership Dues	22	2,932	11	2,943	-	2,965
National Partnership Dues	184,408	25,677	23,343	49,020	-	233,428
Miscellaneous	3,405	32,017	47,326	79,343	-	82,748
Depreciation and Amortization	16,307	20,384	8,607	28,991	-	45,298
Special Event - Direct Donor Benefits	-	-	-	-	357,997	357,997
Total	1,961,972	683,620	417,712	1,101,332	357,997	3,421,301
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(357,997)	(357,997)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 1,961,972	\$ 683,620	\$ 417,712	\$ 1,101,332	\$ -	\$ 3,063,304

See accompanying Notes to Financial Statements.

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,902,302	\$ (370,265)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation and Amortization	47,041	45,298
Forgiveness of Paycheck Protection Program Loan	(181,986)	-
Net Realized and Unrealized Gains on Investments	(365,622)	(32,552)
Loss on Sale of Property and Equipment	-	3,415
Contributed Property and Equipment and Inventory	(13,230)	(2,619)
Change in Value of Split-Interest Agreements	4,216	(1,034)
Change in Discount to Present Value of Contributions Receivable	34,092	(2,060)
(Increase) Decrease in Assets:		
Contributions Receivable	(1,228,485)	398,808
Due from Related Entities	(16,647)	(12,761)
Prepaid Expenses	13,219	57,882
Other Assets	8,080	2,022
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(17,737)	(67,553)
Due to Related Entities	(11,853)	397
Other Liabilities	(47,410)	137,280
Deferred Rent	608	9,384
Net Cash Provided by Operating Activities	<u>1,126,588</u>	<u>165,642</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(450,999)	(65,192)
Proceeds from Sale of Investments	167,732	400,912
Purchase of Property and Equipment	(4,496)	(20,492)
Purchase of Beneficial Interest in Assets Held by Others	(101,730)	(13,521)
(Proceeds) Distributions from Split-Interest Agreements	<u>(70,690)</u>	<u>3,270</u>
Net Cash Provided (Used) by Investing Activities	(460,183)	304,977
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(9,803)	(3,767)
Proceeds from Paycheck Protection Program Loan	-	181,986
Payments on Line of Credit	<u>-</u>	<u>(300,000)</u>
Net Cash Used by Financing Activities	<u>(9,803)</u>	<u>(121,781)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	656,602	348,838
Cash and Cash Equivalents - Beginning of Year	<u>481,426</u>	<u>132,588</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,138,028</u></u>	<u><u>\$ 481,426</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Acquisition of Equipment Through a Capital Lease	<u>\$ -</u>	<u>\$ 52,661</u>
Contributed Property and Inventory	<u><u>\$ 13,230</u></u>	<u><u>\$ 2,619</u></u>

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Iowa (the Foundation) is an Iowa 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 IOWA
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 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 IOWA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

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

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

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the 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 \$403,719 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Conditional promises to give are not recognized as contribution revenue and receivables until the conditions have been substantially met. There were no conditional promises outstanding for the years ended August 31, 2021 and 2020.

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

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

	Programs	Fundraising	Management and General	Total
<u>August 31, 2021</u>				
Wish Related	\$ 155,646	\$ -	\$ -	\$ 155,646
Professional Services	-	9,400	25,829	35,229
Advertising and Media	-	14,288	-	14,288
Other	1,092	121,108	350	122,550
Total	<u>\$ 156,738</u>	<u>\$ 144,796</u>	<u>\$ 26,179</u>	<u>327,713</u>
Special Events				87,884
Other Assets, Net Change				13,230
Total				<u>\$ 428,827</u>
<u>August 31, 2020</u>				
Wish Related	\$ 255,230	\$ -	\$ -	\$ 255,230
Professional Services	-	-	20,770	20,770
Other	1,005	55,260	870	57,135
Total	<u>\$ 256,235</u>	<u>\$ 55,260</u>	<u>\$ 21,640</u>	<u>333,135</u>
Special Events				78,067
Property and Equipment				2,619
Total				<u>\$ 413,821</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 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.

MAKE-A-WISH FOUNDATION® OF IOWA
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 Iowa taxes under the provisions of Internal Revenue Code (IRC) Section 501 (c)(3) and Section 504(a) of the Iowa Code. 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 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 \$9,992 and \$9,384, respectively at August 31, 2021 and 2020.

MAKE-A-WISH FOUNDATION® OF IOWA
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 issues 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.

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	\$ 5,337,108	\$ 2,820,577
Donor-Imposed Restrictions:		
Restricted Funds	(1,919,316)	(119,042)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 3,417,792</u>	<u>\$ 2,701,535</u>

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NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

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.

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

The fair values of the financial instruments shown in the following tables as of August 31, 2021 and 2020 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

Investments

Overall Investment Objective

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Foundation diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the board's finance committee, 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>					
Assets:					
Investments:					
Mutual Funds	\$ 1,431,172	\$ -	\$ -	\$ -	\$ 1,431,172
Exchange-Traded Funds	1,268,654	-	-	-	1,268,654
Cash	-	-	-	81,021	81,021
Total Investments	2,699,826	-	-	81,021	2,780,847
Beneficial Interest in Assets					
Held by Others	-	-	115,251	-	115,251
Split-Interest Agreements	-	-	73,221	-	73,221
Total	<u>\$ 2,699,826</u>	<u>\$ -</u>	<u>\$ 188,472</u>	<u>\$ 81,021</u>	<u>\$ 2,969,319</u>
	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2020</u>					
Assets:					
Investments:					
Mutual Funds	\$ 1,016,136	\$ -	\$ -	\$ -	\$ 1,016,136
Exchange-Traded Funds	1,068,576	-	-	-	1,068,576
Cash	-	-	-	47,246	47,246
Total Investments	2,084,712	-	-	47,246	2,131,958
Beneficial Interest in Assets					
Held by Others	-	-	13,521	-	13,521
Split-Interest Agreements	-	-	6,747	-	6,747
Total	<u>\$ 2,084,712</u>	<u>\$ -</u>	<u>\$ 6,747</u>	<u>\$ 47,246</u>	<u>\$ 2,152,226</u>

Purchases, sales, transfers in and transfers out of Level 3 investments consist of the following for the years ended August 31:

	2021	2020
Purchases	\$ 172,420	\$ 13,521
Sales	-	3,270

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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

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

Quantitative Information About Level 3 Fair Value Measurements			
Type of Assets	Fair Value at August 31, 2021	Principal Valuation Technique	Unobservable Inputs
Beneficial Interests in Assets Held by Others	\$ 115,251	FMV of Investments	Value of Underlying Assets
Split-Interest Agreements	73,221	FMV of Investments	Value of Underlying Assets
Total	<u>\$ 188,472</u>		
Type of Assets	Fair Value at August 31, 2020	Principal Valuation Technique	Unobservable Inputs
Beneficial Interests in Trusts Held by Others	\$ 13,521	FMV of Investments	Value of Underlying Assets
Split-Interest Agreements	6,747	FMV of Investments	Value of Underlying Assets
Total	<u>\$ 20,268</u>		

Beneficial Interest in Assets Held by Others

A fund has been established as an endowment at the Community Foundation of Greater Des Moines (Community Foundation). An endowment agreement has been signed between the chapter and the community foundation. Distributions from the community foundation are made in accordance with the spending policies adopted by the board of directors of the community foundation. The endowment is reported on in the accompanying statement of financial position as a beneficial interest in assets held by others and is included in net assets with donor restrictions as a perpetually restricted endowment.

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges and a contribution of in-kind rent under the office space lease agreement that has been discounted at a rate of 4% at August 31, 2021 and 2020. The following is a summary of the Foundation's contributions receivable at August 31:

	2021	2020
Total Amounts Due in:		
One Year	\$ 51,642	\$ 117,910
Two to Five Years	1,382,062	66,250
More than Five Years	10,741	31,800
Gross Contributions Receivable	1,444,445	215,960
Less: Discount to Present Value	(61,409)	(27,317)
Contributions Receivable, Net	<u>\$ 1,383,036</u>	<u>\$ 188,643</u>

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NOTE 5 CONTRIBUTIONS RECEIVABLE (CONTINUED)

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 SPLIT-INTEREST AGREEMENTS

Charitable Gift Annuities

Two donors have contributed assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to the donors or to individuals designated by the donors. Under the terms of such agreements, no trust exists, as the assets received are held by and the liability is an obligation of the Foundation. The Foundation records contribution revenue using the fair value of the assets less the present value of the payments expected to be made to the beneficiaries. The present value of payments to beneficiaries under these arrangements is calculated using present value techniques. The discount rates used for the years ended August 31, 2021 and 2020 was 2%. The charitable gift annuities are held and administered by National therefore, the amount recorded by the Foundation is the net amount expected to be received and totaled \$73,221 and \$6,747 for the years ended August 31, 2021 and 2020, respectively.

NOTE 7 TRANSACTIONS WITH RELATED PARTIES

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 \$362,312 and \$318,790 from these national revenue streams.

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 \$316,239 and \$284,140 were paid from the Foundation to the National Organization during the years ended August 31, 2021 and 2020, respectively.

Amounts due from and to related entities are as follows:

	2021	2020
Due from National Organization	\$ 35,197	\$ 18,550
Total Due from Related Entities	<u>\$ 35,197</u>	<u>\$ 18,550</u>
Due to National Organization	\$ 2,349	\$ 14,202
Total Due to Related Entities	<u>\$ 2,349</u>	<u>\$ 14,202</u>

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NOTE 7 TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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 \$71,849 and \$33,513, respectively.

NOTE 8 PROPERTY AND EQUIPMENT, NET

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

	2021	2020
Computer Equipment and Software	\$ 59,428	\$ 42,285
Office Furniture and Equipment	151,137	163,784
Leasehold Improvements	122,553	122,553
Total	333,118	328,622
Less: Accumulated Depreciation and Amortization	(186,285)	(139,244)
Property and Equipment, Net	<u>\$ 146,833</u>	<u>\$ 189,378</u>

Depreciation and amortization expense totaled \$47,041 and \$45,298 for the years ended August 31, 2021 and 2020, respectively.

NOTE 9 LINE OF CREDIT

The Foundation had a line of credit with a financial institution totaling \$300,000, bearing interest at 5.0%. The line of credit was renewed during the year ended August 31, 2020 and expired on January 31, 2021 and has not been renewed. There was \$-0- outstanding on this line of credit on August 31, 2020.

NOTE 10 LEASES

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through September 2027. As of August 31, 2021 and 2020, the cost of leased property and equipment under capital leases was \$52,661 and accumulated depreciation was \$14,631 and \$4,099, respectively. Total rent expense for all operating leases for the years ended August 31, 2021 and 2020 was \$78,709 and \$77,519, respectively.

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NOTE 10 LEASES (CONTINUED)

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>	<u>Capital Leases</u>
2022	\$ 45,271	\$ 11,769
2023	47,700	11,769
2024	47,700	11,769
2025	47,700	7,029
2026	47,700	-
Thereafter	51,675	-
Total Minimum Lease Payments	287,746	42,336
Less: Amounts Representing Interest	-	(3,245)
Present Value of Net Minimum Lease Payments	<u>\$ 287,746</u>	<u>\$ 39,091</u>

NOTE 11 NET ASSETS

Net Assets With Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 672,674	\$ 14,759
Jolly Holiday Lights	-	5,000
Total	<u>672,674</u>	<u>19,759</u>
Subject to Passage of Time:		
Assets Held under Split Interest Agreements	73,221	6,747
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	<u>1,346,641</u>	<u>99,283</u>
Total	<u>1,419,862</u>	<u>106,030</u>
Endowments:		
Subject to Endowment Spending Policy and Appropriation:	1,731	-
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:	<u>13,521</u>	<u>13,521</u>
Total	<u>15,252</u>	<u>13,521</u>
Total Donor-Restricted Net Assets	<u>\$ 2,107,788</u>	<u>\$ 139,310</u>

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NOTE 12 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC 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 \$22,240 and \$24,645, respectively.

NOTE 13 CONCENTRATIONS OF CREDIT RISK

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

Contributions totaling \$1,965,000 were received from a single donor for the year ended August 31, 2021, which represents 62% of raised revenue which consists of total public support and gross internal special event revenue. There were no significant concentrations for the year ended August 31, 2020. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 14 LITIGATION AND CLAIMS

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

NOTE 15 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 89 and 108 wishes, respectively. As of August 31, 2021 and 2020, respectively, there were approximately 353 and 290 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2021 was \$7,100 in cash and \$2,174 in in-kind for a total cost of \$9,274. The average cost of a wish for the year ended August 31, 2020 was \$7,243 in cash and \$5,740 in in-kind for a total cost of \$12,983.

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NOTE 16 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 85% of wishes granted and the number of granted wishes averaged approximately 187. The number of wishes granted during the years ended August 31, 2021 and 2020 was 89 and 108, respectively.

NOTE 17 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$181,986 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 17, 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 \$181,986 on January 22, 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 18 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 31, 2022, the date at which the financial statements were available to be issued.



Finance Committee
Make-A-Wish Foundation® of Iowa
Des Moines, Iowa

We have audited the financial statements of Make-A-Wish Foundation® of Iowa (the Foundation) as of and for the year ended August 31, 2021, and have issued our report thereon dated January 31, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 2 to the financial statements.

As described in Note 2, the Foundation adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-19, *Revenue from Contracts with Customers (Topic 606)*. Accordingly, the accounting change has been applied prospectively to the year ended August 31, 2021 and future years. The adoption of this standard did not have a significant impact on the Foundation's revenue.

In addition, as also described in Note 2, the Foundation adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820) – Changes to the Disclosure Requirements for Fair Value Measurement*. Accordingly, the accounting change has been applied to the year ended August 31, 2021 and retrospectively applied for the year ended August 31, 2020. The adoption of this standard did not impact the Foundation's reported change in net assets.

We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Accounting estimates (Continued)

The most sensitive estimates affecting the financial statements were:

- Management's estimate of depreciation is based on the estimated useful lives of the buildings, leasehold improvements, equipment, and furniture. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the fair value of investments and split interest agreements is based on fair market value or other comparable data. We evaluated the key factors and assumptions used to develop the fair value of investments and split interest agreements in determining that it was reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the value of in-kind contributions is based on fair market values obtained from donors or other reliable sources. We evaluated the key factors and assumptions used to develop the value of in-kind contributions in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the functional allocation of expenses shared between programs, management and general, and fundraising is based on a reasonable and consistent basis using factors such as direct payroll allocation, square footage, full time equivalents within each department, and total direct expenses. We evaluated the key factors and assumptions used to develop the allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated January 31, 2022.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the finance committee, board of directors, and management of Make-A-Wish Foundation® of Iowa, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
January 31, 2022

