

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



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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Hawaii
Honolulu, Hawaii

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Hawaii 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.



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Board of Directors
Make-A-Wish Foundation® of Hawaii

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 Hawaii 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

Phoenix, Arizona
February 23, 2022

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

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,127,915	\$ 1,501,821
Investments	3,988,221	2,771,183
Due from Related Entities	48,920	60,374
Prepaid Expenses	39,619	57,066
Contributions Receivable, Net	64,283	125,311
Other Assets	29,863	16,347
Investments Held for Long-Term Purposes	146,385	124,850
Property and Equipment, Net	<u>57,011</u>	<u>35,622</u>
Total Assets	<u><u>\$ 5,502,217</u></u>	<u><u>\$ 4,692,574</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 223,836	\$ 143,972
Due to Related Entities	349	3,900
Other Liabilities	37,550	20,000
Paycheck Protection Program Loan	<u>353,152</u>	<u>353,900</u>
Total Liabilities	614,887	521,772
NET ASSETS		
Without Donor Restrictions	4,378,827	3,580,641
With Donor Restrictions	<u>508,503</u>	<u>590,161</u>
Total Net Assets	<u><u>4,887,330</u></u>	<u><u>4,170,802</u></u>
Total Liabilities and Net Assets	<u><u>\$ 5,502,217</u></u>	<u><u>\$ 4,692,574</u></u>

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 1,507,572	\$ 14,635	\$ 1,522,207
Grants	186,750	-	186,750
Total Public Support	1,694,322	14,635	1,708,957
Internal Special Events	805,240	5,000	810,240
Less: Costs of Direct Benefits to Donors	(120,045)	-	(120,045)
Total Internal Special Events	685,195	5,000	690,195
Investment Income, Net	414,759	21,535	436,294
Forgiveness of Paycheck Protection Program Loan	353,900	-	353,900
Other Income	2,239	-	2,239
Net Assets Released from Restrictions	122,828	(122,828)	-
Total Revenues, Gains, and Other Support	3,273,243	(81,658)	3,191,585
EXPENSES			
Program Services:			
Wish Granting	1,285,005	-	1,285,005
Total Program Services	1,285,005	-	1,285,005
Support Services:			
Fundraising	614,235	-	614,235
Management and General	575,817	-	575,817
Total Support Services	1,190,052	-	1,190,052
Total Expenses	2,475,057	-	2,475,057
CHANGE IN NET ASSETS	798,186	(81,658)	716,528
Net Assets - Beginning of Year	3,580,641	590,161	4,170,802
NET ASSETS - END OF YEAR	<u>\$ 4,378,827</u>	<u>\$ 508,503</u>	<u>\$ 4,887,330</u>

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 1,495,393	\$ -	\$ 1,495,393
Grants	101,288	-	101,288
Total Public Support	1,596,681	-	1,596,681
Internal Special Events	1,114,899	-	1,114,899
Less: Costs of Direct Benefits to Donors	(214,097)	-	(214,097)
Total Internal Special Events	900,802	-	900,802
Investment Income, Net	217,501	47,954	265,455
Other Income	484,431	-	484,431
Net Assets Released from Restrictions	217,857	(217,857)	-
Total Revenues, Gains, and Other Support	3,417,272	(169,903)	3,247,369
EXPENSES			
Program Services:			
Wish Granting	2,093,062	-	2,093,062
Total Program Services	2,093,062	-	2,093,062
Support Services:			
Fundraising	710,111	-	710,111
Management and General	508,378	-	508,378
Total Support Services	1,218,489	-	1,218,489
Total Expenses	3,311,551	-	3,311,551
CHANGE IN NET ASSETS	105,721	(169,903)	(64,182)
Net Assets - Beginning of Year	3,474,920	760,064	4,234,984
NET ASSETS - END OF YEAR	<u>\$ 3,580,641</u>	<u>\$ 590,161</u>	<u>\$ 4,170,802</u>

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services				
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	\$ 437,020	\$ -	\$ -	\$ -	\$ -	\$ 437,020
Salaries, Taxes, and Benefits	528,797	421,268	380,276	801,544	-	1,330,341
Printing, Subscriptions, and Publications	6,661	25,557	2,362	27,919	-	34,580
Professional Fees	4,509	4,297	54,843	59,140	-	63,649
Rent and Utilities	81,511	41,713	46,519	88,232	-	169,743
Postage and Delivery	2,705	3,184	1,428	4,612	-	7,317
Travel	6,135	5,378	3,745	9,123	-	15,258
Meetings and Conferences	27	11,402	3,881	15,283	-	15,310
Office Supplies	29,803	2,086	1,304	3,390	-	33,193
Communications	5,534	2,819	3,151	5,970	-	11,504
Advertising and Media (Cash)	-	5,761	-	5,761	-	5,761
Advertising and Media (In-Kind)	-	26,342	-	26,342	-	26,342
Repairs and Maintenance	3,785	1,996	2,195	4,191	-	7,976
Membership Dues	130	66	424	490	-	620
National Partnership Dues	154,313	27,862	32,148	60,010	-	214,323
Miscellaneous	15,200	29,984	38,486	68,470	-	83,670
Depreciation and Amortization	8,875	4,520	5,055	9,575	-	18,450
Special Event - Direct Donor Benefits	-	-	-	-	120,045	120,045
Total Expenses by Function	1,285,005	614,235	575,817	1,190,052	120,045	2,595,102
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(120,045)	(120,045)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,285,005</u>	<u>\$ 614,235</u>	<u>\$ 575,817</u>	<u>\$ 1,190,052</u>	<u>\$ -</u>	<u>\$ 2,475,057</u>

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services				
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	\$ 633,313	\$ -	\$ -	\$ -	\$ -	\$ 633,313
Salaries, Taxes, and Benefits	1,065,823	495,392	300,306	795,698	-	1,861,521
Printing, Subscriptions, and Publications	10,793	48,455	3,352	51,807	-	62,600
Professional Fees	5,729	2,116	83,369	85,485	-	91,214
Rent and Utilities	126,813	41,798	39,803	81,601	-	208,414
Postage and Delivery	2,400	2,555	305	2,860	-	5,260
Travel	2,440	3,462	3,762	7,224	-	9,664
Meetings and Conferences	6,406	37,052	6,809	43,861	-	50,267
Office Supplies	35,571	4,199	2,329	6,528	-	42,099
Communications	10,054	2,916	2,770	5,686	-	15,740
Advertising and Media (In-Kind)	-	20,000	-	20,000	-	20,000
Repairs and Maintenance	3,897	1,277	1,213	2,490	-	6,387
Membership Dues	-	325	402	727	-	727
National Partnership Dues	155,652	21,673	19,703	41,376	-	197,028
Miscellaneous	20,550	24,425	40,012	64,437	-	84,987
Depreciation and Amortization	13,621	4,466	4,243	8,709	-	22,330
Special Event - Direct Donor Benefits	-	-	-	-	214,097	214,097
Total Expenses by Function	2,093,062	710,111	508,378	1,218,489	214,097	3,525,648
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(214,097)	(214,097)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,093,062</u>	<u>\$ 710,111</u>	<u>\$ 508,378</u>	<u>\$ 1,218,489</u>	<u>\$ -</u>	<u>\$ 3,311,551</u>

See accompanying Notes to Financial Statements.

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

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 716,528	\$ (64,182)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	18,450	22,330
Forgiveness of Paycheck Protection Program Loan	(353,900)	-
Net Realized and Unrealized (Gains) Losses on Investments	(411,818)	(230,608)
Contributed Other Assets	13,696	-
(Increase) Decrease in Assets:		
Contributions Receivable	61,028	220,319
Due from Related Entities	11,454	892,296
Prepaid Expenses	17,447	12,059
Other Assets	(27,212)	82,864
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	79,864	(641,459)
Due to Related Entities	(3,551)	3,561
Other Liabilities	17,550	20,000
Net Cash Provided by Operating Activities	<u>139,536</u>	<u>317,180</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,841,216)	(1,777,261)
Proceeds from Sales of Investments	1,014,461	1,750,105
Purchases of Property and Equipment	<u>(39,839)</u>	<u>-</u>
Net Cash Used by Investing Activities	(866,594)	(27,156)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	<u>353,152</u>	<u>353,900</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(373,906)	643,924
Cash and Cash Equivalents - Beginning of Year	<u>1,501,821</u>	<u>857,897</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,127,915</u></u>	<u><u>\$ 1,501,821</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest Expense	<u>\$ -</u>	<u>\$ 201</u>
Contributed Other Assets	<u><u>\$ 13,696</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Hawaii (the Foundation) is a Hawaii 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, Net

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 HAWAII
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost of greater than \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally three to seven 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 HAWAII
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. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

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 \$120,000 for the year ended August 31, 2021. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met which is the occurrence of the event.

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

MAKE-A-WISH FOUNDATION® OF HAWAII
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. Conditional promises outstanding for the years ended August 31, 2021 and 2020 were \$25,000 and \$-0-, respectively.

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:

	Programs	Fundraising	Management and General	Total
<u>August 31, 2021</u>				
Wish Related	\$ 134,951	\$ -	\$ -	\$ 134,951
Rent	54,903	27,965	31,275	114,143
Advertising and Media	-	26,342	-	26,342
Other	21,948	13,570	9,186	44,704
Total	<u>\$ 211,802</u>	<u>\$ 67,877</u>	<u>\$ 40,461</u>	320,140
Special Events				66,845
Contributions Receivable, Net Change				(60,028)
Other Assets, Net Change				13,696
Total				<u>\$ 340,653</u>
<u>August 31, 2020</u>				
Wish Related	\$ 189,231	\$ -	\$ -	\$ 189,231
Rent	148	49	46	243
Advertising and Media	-	20,000	-	20,000
Other	23,644	35,210	2,587	61,441
Total	<u>\$ 213,023</u>	<u>\$ 55,259</u>	<u>\$ 2,633</u>	270,915
Special Events				77,840
Total				<u>\$ 348,755</u>

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Hawaii state income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and the Hawaii State tax 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 specific programs or fundraising activities, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates

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

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-19, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Foundation's financial statements reflect the adoption of ASU 2014-09 guidance beginning in fiscal year 2021. The adoption of 2014-09 did not impact the Foundation's reported revenue.

MAKE-A-WISH FOUNDATION® OF HAWAII
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	\$ 5,375,724	\$ 4,583,539
Donor-Imposed Restrictions:		
Restricted Funds	(362,118)	(465,311)
Endowments	<u>(146,385)</u>	<u>(124,850)</u>
Net Financial Assets after Donor-Imposed Restrictions	4,867,221	3,993,378
Internal Designations:		
Board of Directors Designated Endowments	<u>(117,230)</u>	<u>(99,984)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 4,749,991</u></u>	<u><u>\$ 3,893,394</u></u>

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

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

Board of directors designated endowment of \$117,230 and \$99,984, respectively, at August 31, 2021 and 2020 is subject to an annual spending as described in Note 11. Although the Foundation does not intend to spend from this board of directors designated endowment (other than amounts appropriated for general expenditure as part of the board of director's annual budget approval and appropriation), these amounts could be made available if necessary.

MAKE-A-WISH FOUNDATION® OF HAWAII
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NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

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

Overall Investment Objective

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

MAKE-A-WISH FOUNDATION® OF HAWAII
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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>					
Investments:					
Mutual Funds	\$ 54,187	\$ -	\$ -	\$ -	\$ 54,187
Exchange-Traded Funds	1,603,617	-	-	-	1,603,617
Equity Securities	1,093,844	-	-	-	1,093,844
Debt Securities	-	237,201	-	-	237,201
Certificates of Deposit	-	-	-	1,100,000	1,100,000
Cash	-	-	-	45,757	45,757
Total Investments	<u>\$ 2,751,648</u>	<u>\$ 237,201</u>	<u>\$ -</u>	<u>\$ 1,145,757</u>	<u>\$ 4,134,606</u>
<u>August 31, 2020</u>					
Investments:					
Mutual Funds	\$ 36,197	\$ -	\$ -	\$ -	\$ 36,197
Exchange-Traded Funds	1,102,634	-	-	-	1,102,634
Equity Securities	1,157,099	-	-	-	1,157,099
Debt Securities	-	260,137	-	-	260,137
Certificates of Deposit	-	-	-	300,000	300,000
Cash	-	-	-	39,966	39,966
Total Investments	<u>\$ 2,295,930</u>	<u>\$ 260,137</u>	<u>\$ -</u>	<u>\$ 339,966</u>	<u>\$ 2,896,033</u>

NOTE 5 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2021 and 2020 were \$64,283 and \$125,311, respectively, which are due from three and two 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. The following is a summary of the Foundation's contributions receivable at August 31:

	2021	2020
Total Amounts Due in:		
Within One Year	\$ 64,283	\$ 82,828
One to Five Years	-	42,483
Contributions Receivable, Net	<u>\$ 64,283</u>	<u>\$ 125,311</u>

MAKE-A-WISH FOUNDATION® OF HAWAII
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NOTE 6 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2021 and 2020, respectively, the Foundation received \$404,260 and \$458,902 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 \$252,250 and \$265,818 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 \$-0- and \$455,825, respectively, for the years ended August 31, 2021 and 2020, which is recorded in the accompanying statements of activities as other income.

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

	2021	2020
Due from National Organization	\$ 48,617	\$ 55,290
Due from Other Chapters	303	5,084
Total Due from Related Entities	<u>\$ 48,920</u>	<u>\$ 60,374</u>
Due to National Organization	\$ 349	\$ 3,900
Total Due to Related Entities	<u>\$ 349</u>	<u>\$ 3,900</u>

Amounts due from the National Organization represent contributions remitted to the National Organization that are identified for the Foundation’s use but were not yet transferred to the Foundation as of year-end. Amounts due from other chapters represent amounts paid in assisting other chapters with their wish granting. Amounts due to other chapters represent amounts owed to other chapters who have assisted in the granting of wishes for the Foundation. Amounts due to the National Organization generally represent unpaid chapter dues and services.

During the years ended August 31, 2021 and 2020, the Foundation received contributions, both cash and in-kind, from board members totaling \$102,267 and \$138,253, respectively.

MAKE-A-WISH FOUNDATION® OF HAWAII
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NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2021	2020
Computer Equipment and Software	\$ 74,546	\$ 39,418
Other Equipment	198,383	193,672
Leasehold Improvements	60,642	60,642
Total	333,571	293,732
Less: Accumulated Depreciation and Amortization	(276,560)	(258,110)
Property and Equipment, Net	<u>\$ 57,011</u>	<u>\$ 35,622</u>

Depreciation and amortization expense totaled \$18,450 and \$22,330, respectively for the years ended August 31, 2021 and 2020.

NOTE 8 NOTES PAYABLE

The Foundation has a secured line of credit with a financial institution totaling \$700,000, bearing interest at 2.75% and expires on May 1, 2022. There was no outstanding balance on this line of credit as of August 31, 2021 and 2020.

NOTE 9 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through April 2022. Subsequent to year end, the Foundation entered into a new copier lease which expires in December 2026. Total rent expense for all operating leases for the years ended August 31, 2021 and 2020 totaled \$164,703 and \$213,243, 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	\$ 40,143
2023	3,342
2024	3,342
2025	3,342
2026	3,342
Thereafter	836
Total Minimum Lease Payments	<u>\$ 54,347</u>

MAKE-A-WISH FOUNDATION® OF HAWAII
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 NET ASSETS

Net Assets Without Donor Restrictions

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

	2021	2020
Board-Designated Endowment Funds	\$ 117,230	\$ 99,984
Total Board-Designated Net Assets	<u>\$ 117,230</u>	<u>\$ 99,984</u>

Net Assets With Donor Restrictions

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

	2021	2020 (Restated)
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 301,835	\$ 300,000
Donated Rent	55,283	115,311
Shared Financial Services Conversion	-	50,000
Total	<u>357,118</u>	<u>465,311</u>
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	<u>5,000</u>	<u>-</u>
Total	5,000	-
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	21,535	-
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Wish Granting	<u>124,850</u>	<u>124,850</u>
Total	<u>146,385</u>	<u>124,850</u>
Total Donor-Restricted Net Assets	<u>\$ 508,503</u>	<u>\$ 590,161</u>

NOTE 11 ENDOWMENTS

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

MAKE-A-WISH FOUNDATION® OF HAWAII
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 ENDOWMENTS (CONTINUED)

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

Interpretation of Relevant Law

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

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
<hr/>			
August 31, 2021			
Donor-Restricted Endowment Funds	\$ -	\$ 146,385	\$ 146,385
Board-Designated Endowment Funds	117,230	-	117,230
	<hr/>	<hr/>	<hr/>
Total Funds	\$ 117,230	\$ 146,385	\$ 263,615
	<hr/>	<hr/>	<hr/>
<hr/>			
August 31, 2020 (Restated)			
Donor-Restricted Endowment Funds	\$ -	\$ 124,850	\$ 124,850
Board-Designated Endowment Funds	99,984	-	99,984
	<hr/>	<hr/>	<hr/>
Total Funds	\$ 99,984	\$ 124,850	\$ 224,834
	<hr/>	<hr/>	<hr/>

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

NOTE 11 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

<u>August 31, 2021</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Funds - Beginning of Year	\$ 99,984	\$ 124,850	\$ 224,834
Investment Return:			
Investment Income	478	597	1,075
Net Appreciation (Realized and Unrealized)	16,768	20,938	37,706
Total Investment Return	<u>117,230</u>	<u>146,385</u>	<u>263,615</u>
Endowment Funds - End of Year	<u>\$ 117,230</u>	<u>\$ 146,385</u>	<u>\$ 263,615</u>
 <u>August 31, 2020 (Restated)</u>			
Endowment Funds - Beginning of Year	\$ 99,984	\$ 424,850	\$ 524,834
Investment Return:			
Investment Income	-	4,150	4,150
Net Appreciation (Realized and Unrealized)	-	43,804	43,804
Total Investment Return	<u>99,984</u>	<u>472,804</u>	<u>572,788</u>
Release from Restriction by Donor	-	(300,000)	(300,000)
Distributions for Expenditure	<u>-</u>	<u>(47,954)</u>	<u>(47,954)</u>
Endowment Funds - End of Year	<u>\$ 99,984</u>	<u>\$ 124,850</u>	<u>\$ 224,834</u>

Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There are no fund deficiencies as of August 31, 2021 and 2020.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment fund(s) while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 11 ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year any investment income earned or generated from its endowment fund.

Restatement

In July 2020, a donor changed the restriction on a \$300,000 gift they had made from requiring that the gift be held in perpetuity with only the earnings to be used to grant certain wishes to allowing the Foundation to utilize the entire gift to grant certain wishes or capital projects. The change in restriction was not reported in the originally issued August 31, 2020 financial statements. The August 31, 2020 balances in Notes 10 and 11 have been restated to properly reflect this change in restrictions.

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. 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 \$25,263 and \$32,904, 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 \$326,427 were received from a single donor for the year ended August 31, 2021, which represents 13% total of raised revenue which consists of total public support and gross internal special event revenue. No donors gave contributions totaling more than 10% of total raised revenue during the year ended August 31, 2020. Should these contribution levels decrease, the Foundation may be adversely affected.

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NOTE 14 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the years ending August 31, 2021 and 2020, the Foundation granted 37 and 49 wishes, respectively. As of August 31, 2021 and 2020, respectively, there were approximately 140 and 130 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2021 was \$7,545 in cash and \$3,241 in in-kind for a total cost of \$10,786. The average cost of a wish for the year ended August 31, 2020 was \$6,719 in cash and \$6,266 in in-kind for a total cost of \$12,985.

NOTE 15 RISKS AND UNCERTAINTIES

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

As of August 31, 2021, with the exception of regional travel, travel wishes are still paused. Prior to fiscal year 2020, travel wishes have been approximately 84% of wishes granted and the number of granted wishes averaged approximately 94. The number of wishes granted during the years ended August 31, 2021 and 2020 was 37 and 49, respectively.

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

NOTE 16 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$353,900 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (SBA). The loan was received on April 13, 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 \$353,900 on November 11, 2020.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$353,152 loan. The loan was received on February 5, 2021. The loan accrues interest at 1%, with the first 10 months of interest deferred, has a term of five years and is unsecured and guaranteed by the Small Business Administration. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. Subsequent to year-end, the loan was forgiven.

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NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 16 PAYCHECK PROTECTION PROGRAM (CONTINUED)

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Foundation's financial position.

NOTE 17 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through February 23, 2022, the date at which the financial statements were available to be issued.

