

**MAKE-A-WISH FOUNDATION®  
OF MISSOURI AND KANSAS**

**FINANCIAL STATEMENTS**

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



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of Missouri and Kansas  
Ballwin, Missouri

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Missouri and Kansas which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Make-A-Wish Foundation® of Missouri and Kansas

***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 Missouri and Kansas as of August 31, 2021 and 2020, and change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
March 28, 2022

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

	2021	2020
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,795,041	\$ 950,800
Investments	2,861,626	2,438,250
Due from Related Entities	103,119	62,001
Prepaid Expenses	241,171	194,139
Contributions Receivable, Net	593,658	307,815
Other Assets	18,302	14,233
Investments Held for Long-Term Purposes	556,450	47,121
Property and Equipment, Net	39,332	13,836
Beneficial Interest in Assets Held by Others	797,778	856,052
	\$ 7,006,477	\$ 4,884,247
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 432,775	\$ 301,591
Due to Related Entities	14,391	17,754
Deferred Rent	9,905	10,294
Capital Lease Obligation	13,940	-
Paycheck Protection Program	406,682	357,200
Total Liabilities	877,693	686,839
<b>NET ASSETS</b>		
Without Donor Restrictions	4,148,977	3,052,898
With Donor Restrictions	1,979,807	1,144,510
Total Net Assets	6,128,784	4,197,408
Total Liabilities and Net Assets	\$ 7,006,477	\$ 4,884,247

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF MISSOURI AND KANSAS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions	\$ 3,281,450	\$ 721,657	\$ 4,003,107
Grants	92,130	-	92,130
Total Public Support	<u>3,373,580</u>	<u>721,657</u>	<u>4,095,237</u>
Internal Special Events	1,650,907	-	1,650,907
Less: Costs of Direct Benefits to Donors	<u>(220,243)</u>	<u>-</u>	<u>(220,243)</u>
Total Internal Special Events	1,430,664	-	1,430,664
Investment Income, Net	386,467	81,197	467,664
Forgiveness of Paycheck Protection Program Loan	357,200	-	357,200
Other Income, Net	2,356	-	2,356
Change in Beneficial Interest in Assets Held by Others	-	121,268	121,268
Net Assets Released from Restrictions	<u>88,825</u>	<u>(88,825)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	5,639,092	835,297	6,474,389
<b>EXPENSES</b>			
Program Services:			
Wish Granting	2,665,455	-	2,665,455
Total Program Services	<u>2,665,455</u>	<u>-</u>	<u>2,665,455</u>
Support Services:			
Fundraising	1,154,053	-	1,154,053
Management and General	723,505	-	723,505
Total Support Services	<u>1,877,558</u>	<u>-</u>	<u>1,877,558</u>
Total Expenses	<u>4,543,013</u>	<u>-</u>	<u>4,543,013</u>
<b>CHANGE IN NET ASSETS</b>	1,096,079	835,297	1,931,376
Net Assets - Beginning of Year	<u>3,052,898</u>	<u>1,144,510</u>	<u>4,197,408</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,148,977</u>	<u>\$ 1,979,807</u>	<u>\$ 6,128,784</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF MISSOURI AND KANSAS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions	\$ 3,795,709	\$ 139,197	\$ 3,934,906
Grants	74,081	-	74,081
Total Public Support	3,869,790	139,197	4,008,987
Internal Special Events	1,341,908	-	1,341,908
Less: Costs of Direct Benefits to Donors	(103,845)	-	(103,845)
Total Internal Special Events	1,238,063	-	1,238,063
Investment Income, Net	165,757	5,174	170,931
Other Income, Net	777	-	777
Change in Beneficial Interest in Assets Held by Others	-	68,022	68,022
Net Assets Released from Restrictions	222,387	(222,387)	-
Total Revenues, Gains, and Other Support	5,496,774	(9,994)	5,486,780
<b>EXPENSES</b>			
Program Services:			
Wish Granting	3,208,806	-	3,208,806
Total Program Services	3,208,806	-	3,208,806
Support Services:			
Fundraising	1,090,014	-	1,090,014
Management and General	862,560	-	862,560
Total Support Services	1,952,574	-	1,952,574
Total Expenses	5,161,380	-	5,161,380
<b>CHANGE IN NET ASSETS</b>	335,394	(9,994)	325,400
Net Assets - Beginning of Year	2,717,504	1,154,504	3,872,008
<b>NET ASSETS - END OF YEAR</b>	\$ 3,052,898	\$ 1,144,510	\$ 4,197,408

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF MISSOURI AND KANSAS**  
**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	\$ 1,460,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,460,265
Salaries, Taxes, and Benefits	810,595	824,773	462,454	1,287,227	-	-	2,097,822
Printing, Subscriptions, and Publications	8,408	16,244	996	17,240	-	-	25,648
Professional Fees	19,040	58,123	136,544	194,667	-	-	213,707
Rent and Utilities	24,224	25,782	13,812	39,594	-	-	63,818
Postage and Delivery	10,012	3,650	575	4,225	-	-	14,237
Travel	5,740	24,701	681	25,382	-	-	31,122
Meetings and Conferences	10,757	18,110	28,055	46,165	-	-	56,922
Office Supplies	1,347	2,527	461	2,988	-	-	4,335
Communications	10,842	11,401	6,170	17,571	-	-	28,413
Advertising and Media (Cash)	129	6,856	-	6,856	-	-	6,985
Advertising and Media (In-Kind)	-	57,770	-	57,770	-	-	57,770
Repairs and Maintenance	2,503	2,548	1,427	3,975	-	-	6,478
Membership Dues	693	705	395	1,100	-	-	1,793
National Partnership Dues	279,894	50,536	58,312	108,848	-	-	388,742
Miscellaneous	16,523	45,764	11,066	56,830	-	-	73,353
Depreciation and Amortization	4,483	4,563	2,557	7,120	-	-	11,603
Special Event - Direct Donor Benefits	-	-	-	-	220,243	-	220,243
Total	2,665,455	1,154,053	723,505	1,877,558	220,243	-	4,763,256
Less: Expenses Netted Against Revenues on the Statement of Activities:							
Special Event Expenses	-	-	-	-	(220,243)	-	(220,243)
 Total Expenses Included in the Expense Section of the Statement of Activities	 \$ 2,665,455	 \$ 1,154,053	 \$ 723,505	 \$ 1,877,558	 \$ -	 \$ -	 \$ 4,543,013

See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION® OF MISSOURI AND KANSAS**  
**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	\$ 1,905,969	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,905,969
Salaries, Taxes, and Benefits	849,793	757,089	600,374	1,357,463	-	-	2,207,256
Printing, Subscriptions, and Publications	4,745	50,319	3,047	53,366	-	-	58,111
Professional Fees	4,465	17,949	143,843	161,792	-	-	166,257
Rent and Utilities	24,632	21,944	17,713	39,657	-	-	64,289
Postage and Delivery	9,496	3,538	338	3,876	-	-	13,372
Travel	11,920	23,263	2,351	25,614	-	-	37,534
Meetings and Conferences	12,769	24,391	15,394	39,785	-	-	52,554
Office Supplies	10,936	4,620	3,157	7,777	-	-	18,713
Communications	13,826	14,249	9,574	23,823	-	-	37,649
Advertising and Media (Cash)	246	3,826	-	3,826	-	-	4,072
Advertising and Media (In-Kind)	-	67,805	-	67,805	-	-	67,805
Repairs and Maintenance	3,470	3,091	2,451	5,542	-	-	9,012
Membership Dues	298	2,134	210	2,344	-	-	2,642
National Partnership Dues	328,571	41,591	45,750	87,341	-	-	415,912
Miscellaneous	20,216	47,564	13,092	60,656	-	-	80,872
Depreciation and Amortization	7,454	6,641	5,266	11,907	-	-	19,361
Special Event - Direct Donor Benefits	-	-	-	-	103,845	-	103,845
Total	3,208,806	1,090,014	862,560	1,952,574	103,845	-	5,265,225
Less: Expenses Netted Against Revenues on the Statement of Activities:							
Special Event Expenses	-	-	-	-	(103,845)	-	(103,845)
 Total Expenses Include in the Expense Section of the Statement of Activities	 \$ 3,208,806	 \$ 1,090,014	 \$ 862,560	 \$ 1,952,574	 \$ -	 \$ -	 \$ 5,161,380

See accompanying Notes to Financial Statements.

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

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,931,376	\$ 325,400
Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	11,603	19,361
Forgiveness of Paycheck Protection Program Loan	(357,200)	-
Contributions Restricted for Long-Term Investment	(500,000)	-
Net Realized and Unrealized Gains on Investments	(440,984)	(111,187)
Loss on Disposal of Property and Equipment	-	121
Contributed Property and Equipment and Other Assets	(3,769)	(2,037)
Change in Beneficial Interest in Assets Held by Others	(121,268)	(68,022)
Change in Discount to Present Value of Contributions Receivable	(5,361)	8,597
(Increase) Decrease in Assets:		
Contributions Receivable	(30,482)	67,780
Due from Related Entities	(41,118)	2,082
Prepaid Expenses	(47,032)	(66,737)
Other Assets	(950)	5,724
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	131,184	(88,068)
Due to Related Entities	(3,363)	(15,855)
Deferred Rent	(389)	9,330
Net Cash Provided by Operating Activities	522,247	86,489
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(2,310,368)	(1,199,010)
Proceeds from Sales of Investments	1,818,647	1,506,321
Purchases of Property and Equipment	(20,568)	-
Transfer out of Beneficial Interest in Assets Held by Others	179,542	-
Net Cash Provided (Used) by Investing Activities	(332,747)	307,311
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease Obligations	(1,941)	-
Proceeds from Paycheck Protection Program	406,682	357,200
Cash Collected on Contributions Restricted for Long-Term Investment	250,000	-
Net Cash Provided by Financing Activities	654,741	357,200
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	844,241	751,000
Cash and Cash Equivalents - Beginning of Year	950,800	199,800
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,795,041	\$ 950,800
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid For Interest	\$ 2,402	\$ -
Contributed Property and Other Assets	\$ 3,769	\$ 2,037
Property and Equipment Acquired through Capital Lease	\$ 15,881	\$ -

See accompanying Notes to Financial Statements.

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

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of Missouri and Kansas (the Foundation) is a Missouri 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 entered into 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 MISSOURI AND KANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021 AND 2020**

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

**Property and Equipment, Net**

Property and equipment having a unit cost greater than \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 10 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 MISSOURI AND KANSAS**  
**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 \$220,000 for the year ended August 31, 2021. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met which is the occurrence of the event.

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

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

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

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

**Revenue Recognition (Continued)**

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

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

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2021</u>				
Wish Related	\$ 179,299	\$ -	\$ -	\$ 179,299
Professional Services	773	787	841	2,401
Advertising and Media	-	57,770	-	57,770
Other	6,657	6,525	20,597	33,779
Total	<u>\$ 186,729</u>	<u>\$ 65,082</u>	<u>\$ 21,438</u>	<u>273,249</u>
Special Events				3,269
Other Assets, Net Change				3,119
Property and Equipment (Capitalized)				650
In-Kind Receivable (Asset), Net Change				20,382
Total				<u>\$ 300,669</u>

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2020</u>				
Wish Related	\$ 638,181	\$ -	\$ -	\$ 638,181
Professional Services	-	-	250	250
Rent	3,523	3,139	2,800	9,462
Advertising and Media	-	67,805	-	67,805
Other	9,626	44,777	12,333	66,736
Total	<u>\$ 651,330</u>	<u>\$ 115,721</u>	<u>\$ 15,383</u>	<u>782,434</u>
Special Events				1,334
Inventory (Asset)				1,449
Property and Equipment (Capitalized)				588
Total				<u>\$ 785,805</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.

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

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

**Revenue Recognition (Continued)**

Advertising and media is used to help the Foundation communicate its message or mission and includes fund raising 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 or public information expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

**Income Taxes**

The Foundation is a nonprofit organization exempt from federal income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and Section 144.0302(20) of the Revised Statutes of Missouri. 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 the 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 record keeping, 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.

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

**Deferred Rent**

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent included within other liabilities was \$9,905 and \$10,294 at August 31, 2021 and 2020, respectively.

**Management Estimates**

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

**Change in Accounting Principle**

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

In August 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-13, Fair Value Measurement (Topic 820) – *Changes to the Disclosure Requirements for Fair Value Measurement*. The update is to improve the effectiveness of disclosures in the notes to the financial statements. The Foundation's financial statements reflect adoption of ASU 2018-13 guidance beginning in for the year-ended August 31, 2021 and retrospectively applied for the year-ended August 31, 2020. The adoption of ASU 2018-13 did not impact the Foundation's reported change in net assets.

**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.



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**NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)**

	2021	2020
Total Financial Assets	\$ 5,909,894	\$ 3,805,987
Donor Imposed Restrictions:		
Restricted Funds for Time and Purpose	(375,579)	(241,337)
Endowments	(806,450)	(47,121)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 4,727,865	\$ 3,517,529

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. 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.

**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.

**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:

<u>August 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Assets Not Held at Fair Value</u>	<u>Total</u>
Assets:					
Investments:					
Mutual Funds	\$ 233,912	\$ -	\$ -	\$ -	\$ 233,912
Exchange Traded Funds	505,307	-	-	-	505,307
Equity Securities	1,653,609	-	-	-	1,653,609
Certificates of Deposit	-	548,240	-	-	548,240
Debt Securities	-	320,248	-	-	320,248
Cash	-	-	-	156,760	156,760
Total Investments	<u>2,392,828</u>	<u>868,488</u>	<u>-</u>	<u>156,760</u>	<u>3,418,076</u>
Beneficial Interest in Trust	-	-	797,778	-	797,778
Total Assets	<u>\$ 2,392,828</u>	<u>\$ 868,488</u>	<u>\$ 797,778</u>	<u>\$ 156,760</u>	<u>\$ 4,215,854</u>
<u>August 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Assets Not Held at Fair Value</u>	<u>Total</u>
Assets:					
Investments:					
Mutual Funds	\$ 246,374	\$ -	\$ -	\$ -	\$ 246,374
Equity Securities	1,214,333	-	-	-	1,214,333
Certificates of Deposit	-	749,838	-	-	749,838
Debt Securities	-	123,555	-	-	123,555
Cash	-	-	-	151,271	151,271
Total Investments	<u>1,460,707</u>	<u>873,393</u>	<u>-</u>	<u>151,271</u>	<u>2,485,371</u>
Beneficial Interest in Trust	-	-	676,510	-	676,510
Beneficial Interest in Assets Held by National	-	-	179,542	-	179,542
Total Assets	<u>\$ 1,460,707</u>	<u>\$ 873,393</u>	<u>\$ 856,052</u>	<u>\$ 151,271</u>	<u>\$ 3,341,423</u>

For the valuation of Certificates of Deposit and Debt Securities at August 31, 2021 and 2020, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

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

**Fair Value Hierarchy (Continued)**

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

	2021	2020
Purchases	\$ -	\$ -
Sales	-	-
Transfers In	-	-
Transfer Out	179,542	-

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 Trusts Held by Others	\$ 797,778	Fair Market Value of Investments	Value of Underlying Assets
Type of Assets	Fair Value at August 31, 2020	Principal Valuation Technique	Unobservable Inputs
Beneficial Interests in Trusts Held by Others	\$ 856,052	Fair Market Value of Investments	Value of Underlying Assets

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

Contributions receivable include pledges that have been discounted at 1.92% at August 31, 2021 and at rates ranging from 3.00% to 3.37% at August 31, 2020. The following is a summary of the Foundation's contributions receivable at August 31:

	2021	2020
Total Amounts Due in:		
Within One Year	\$ 425,382	\$ 185,900
One to Five Years	175,000	134,000
Gross Contributions Receivable	600,382	319,900
Less: Discount to Present Value	(6,724)	(12,085)
Contributions Receivable, Net	\$ 593,658	\$ 307,815

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**NOTE 6 SPLIT-INTEREST AGREEMENTS**

**Beneficial Interest in Trust**

The Foundation is a named income beneficiary on a perpetual trust, the corpus of which is not controlled by the management of the Foundation. Under this arrangement, the Foundation has the irrevocable right to receive all or a portion of the income earned on the underlying assets held in perpetuity. Accordingly, permanently restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation received notice that the agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets are recorded in the accompanying statement of activities as a change in value of beneficial interest in assets held by others. During the years ended August 31, 2021 and 2020, respectively, the Foundation's beneficial interest in the trust was \$797,778 and \$676,510.

**Beneficial Interest in Assets Held by National**

As of August 31, 2016, the Foundation had received a gift for an endowment. As it is received, it is being transferred by the Foundation to the Wishes Forever Endowment Fund at the National Organization. Distributions from earnings will be made by the National Organization to the Foundation according to the National Organizations' Endowment Spending Policy. During the year ended August 31, 2021, the funds were transferred to the Foundation. As of the years ended August 31, 2021 and 2020, respectively the Foundation's beneficial interest in this endowment being held by the National Organization was \$-0- and \$179,542.

**NOTE 7 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 \$1,054,215 and \$1,037,187 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 \$525,100 and \$553,260 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 \$2,000 and \$900, respectively, for the years ended August 31, 2021 and 2020, which is recorded in the accompanying statements of activities as other income.

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**NOTE 7 TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

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

	2021	2020
Due from National Organization	\$ 81,108	\$ 60,418
Due from Other Chapters	22,011	1,583
Total Due from Related Entities	<u>\$ 103,119</u>	<u>\$ 62,001</u>
Due to National Organization	\$ 225	\$ 17,754
Due to Other Chapters	14,166	-
Total Due to Related Entities	<u>\$ 14,391</u>	<u>\$ 17,754</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 \$206,713 and \$93,019, respectively.

**NOTE 8 PROPERTY AND EQUIPMENT, NET**

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

	2021	2020
Computer Equipment and Software	\$ 99,879	\$ 78,936
Leasehold Improvements	59,316	59,316
Office Furniture and Other Equipment	43,574	27,418
Subtotal	202,769	165,670
Less: Accumulated Depreciation and Amortization	(163,437)	(151,834)
Property and Equipment, Net	<u>\$ 39,332</u>	<u>\$ 13,836</u>

Depreciation and amortization expense totaled \$11,603 and \$19,361, respectively, for the years ended August 31, 2021 and 2020.

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**NOTE 9 LEASES**

The Foundation is obligated under one operating lease for office space, which expires in June 2025, and one new capital lease for equipment, which expires in April 2024. As of August 31, 2021, the cost of leased property and equipment under capital leases was \$15,581, and accumulated depreciation was \$1,640. Total rent expense for the operating lease for the years ended August 31, 2021 and 2020 totaled \$68,496 and \$72,648, respectively.

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

<u>Year Ending August 31,</u>	<u>Operating Lease</u>	<u>Capital Lease</u>
2022	\$ 63,305	\$ 5,520
2023	64,220	5,520
2024	65,135	3,680
2025	54,915	-
Total Minimum Lease Payments	<u>247,575</u>	<u>14,720</u>
Less Amounts Representing Interest	-	(780)
Present Value of Net Minimum Lease Payments	<u>\$ 247,575</u>	<u>\$ 13,940</u>

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**NOTE 10 NET ASSETS**

**Net Assets With Donor Restrictions**

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

	2021	2020
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 70,381	\$ -
Grants and Other Restricted Cash	40,422	40,422
Total	110,803	40,422
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	264,776	200,915
Total	264,776	200,915
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	116,450	7,121
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
August Busch Endowment	150,000	-
Potter Endowment	250,000	-
Kansas Endowment	40,000	40,000
Total	556,450	47,121
Not Subject to Spending Policy or Appropriation:		
Beneficial Interest in Trust	797,778	676,510
Beneficial Interest in Assets Held by National Promises to Give Restricted to Endowment	-	179,542
Total	250,000	-
	1,047,778	856,052
Total Donor-Restricted Net Assets	\$ 1,979,807	\$ 1,144,510

**NOTE 11 ENDOWMENT**

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

The Foundation's endowment consists of three and one donor-restricted funds as of August 31, 2021 and 2020, respectively. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets, both donor-restricted and board-designated, are reflected as investments held for long-term purposes on the statements of financial position.

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**NOTE 11 ENDOWMENT (CONTINUED)**

**Interpretation of Relevant Law**

The board of directors of the Foundation has interpreted the Missouri and Kansas 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 deciding 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:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>August 31, 2021</u>			
Donor-Restricted Endowment Funds:			
August Busch Endowment Fund	\$ -	\$ 242,088	\$ 242,088
Potter Endowment	-	269,665	269,665
Kansas Endowment	-	44,697	44,697
Total Funds	<u>\$ -</u>	<u>\$ 556,450</u>	<u>\$ 556,450</u>
<u>August 31, 2020</u>			
Donor-Restricted Endowment Funds	<u>\$ -</u>	<u>\$ 47,121</u>	<u>\$ 47,121</u>
Total Funds	<u>\$ -</u>	<u>\$ 47,121</u>	<u>\$ 47,121</u>



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**NOTE 11 ENDOWMENT (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	\$ -	\$ 47,121	\$ 47,121
Investment Return:			
Investment Income	-	212	212
Net Appreciation (Realized and Unrealized)	-	80,985	80,985
Total Investment Return	<u>-</u>	<u>81,197</u>	<u>81,197</u>
Contribution	-	250,000	250,000
Reclassification to Endowment Asset	-	179,542	179,542
Appropriation of Endowment	<u>-</u>	<u>(1,410)</u>	<u>(1,410)</u>
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 556,450</u>	<u>\$ 556,450</u>
<u>August 31, 2020</u>			
Endowment Funds - Beginning of Year	\$ -	\$ 43,360	\$ 43,360
Investment Return:			
Investment Income	-	1,414	1,414
Net Appreciation (Realized and Unrealized)	-	3,761	3,761
Total Investment Return	<u>-</u>	<u>5,175</u>	<u>5,175</u>
Appropriation of Endowment	<u>-</u>	<u>(1,414)</u>	<u>(1,414)</u>
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 47,121</u>	<u>\$ 47,121</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 while seeking to maintain the purchasing power of the endowment assets.

**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.

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**NOTE 11 ENDOWMENT (CONTINUED)**

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Foundation does not have a spending policy that mandates specific annual distributions. As operational needs are identified, the board may elect to make distributions from the endowment assets.

**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 six months 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 \$36,250 and \$40,264, 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 \$620,000 were received from one donor for the year ended August 31, 2021, which represents 11% of raised revenue which consists of total public support and gross internal special event revenue. Should these contribution levels decrease, the Foundation may be adversely affected. No such concentration during the year ended August 31, 2020.

**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.

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**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 220 and 205 wishes, respectively. As of August 31, 2021 and 2020, respectively, there were approximately 550 and 450 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2021 was \$4,938 in cash and \$551 in in-kind for a total cost of \$5,489. The average cost of a wish for the year ended August 31, 2020 was \$5,393 in cash and \$4,619 in in-kind for a total cost of \$10,012.

**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 78% of wishes granted and the number of granted wishes averaged approximately 414. The number of wishes granted during the years ended August 31, 2021 and 2020 was 220 and 205, 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 17 PAYCHECK PROTECTION PROGRAM**

The Foundation applied for and was approved for a \$357,200 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 16, 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 \$357,200 on December 3, 2020.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$406,682 loan. The loan was received on February 25, 2021. The loan accrues interest at 1%, with the first 10 months of interest deferred, has a term of five years and is unsecured and guaranteed by the Small Business Administration. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. Subsequent to year-end, the loan was forgiven.

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**NOTE 17 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 18 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through March 28, 2022, the date at which the financial statements were available to be issued.

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