

**MAKE-A-WISH FOUNDATION® OF
GREATER LOS ANGELES**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2021 AND 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

**MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES
TABLE OF CONTENTS
YEARS ENDED AUGUST 31, 2021 AND 2020**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Greater Los Angeles
Los Angeles, California

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free 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 Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal 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 Greater Los Angeles

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation 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

Minneapolis, Minnesota
February 14, 2022

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

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 2,503,736	\$ 2,403,506
Investments	775,507	384,809
Due from Related Entities	108,580	305,113
Prepaid Expenses	88,350	183,507
Contributions Receivable, Net	8,483	47,500
Other Assets	106,630	94,207
Property and Equipment, Net	48,863	83,639
Total Assets	\$ 3,640,149	\$ 3,502,281
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 410,585	\$ 281,456
Due to Related Entities	26,471	-
Other Liabilities	-	20,000
Deferred Rent	327,672	207,482
Capital Lease Obligations	25,520	36,512
Paycheck Protection Program	301,500	322,800
Total Liabilities	1,091,748	868,250
NET ASSETS		
Without Donor Restrictions	2,534,930	2,499,031
With Donor Restrictions	13,471	135,000
Total Net Assets	2,548,401	2,634,031
Total Liabilities and Net Assets	\$ 3,640,149	\$ 3,502,281

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 2,507,901	\$ -	\$ 2,507,901
Grants	349,506	5,138	354,644
Total Public Support	2,857,407	5,138	2,862,545
Internal Special Events	805,127	8,333	813,460
Less: Costs of Direct Benefits to Donors	(25,402)	-	(25,402)
Total Internal Special Events	779,725	8,333	788,058
Investment Income, Net	15,555	-	15,555
Forgiveness of Paycheck Protection Program Loan	322,800	-	322,800
Other Income	4,416	-	4,416
Net Assets Released from Restrictions	135,000	(135,000)	-
Total Revenues, Gains, and Other Support	4,114,903	(121,529)	3,993,374
EXPENSES			
Program Services:			
Wish Granting	2,495,725	-	2,495,725
Total Program Services	2,495,725	-	2,495,725
Support Services:			
Fundraising	949,717	-	949,717
Management and General	633,562	-	633,562
Total Support Services	1,583,279	-	1,583,279
Total Expenses	4,079,004	-	4,079,004
CHANGE IN NET ASSETS	35,899	(121,529)	(85,630)
Net Assets - Beginning of Year	2,499,031	135,000	2,634,031
NET ASSETS - END OF YEAR	\$ 2,534,930	\$ 13,471	\$ 2,548,401

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 2,748,341	\$ 10,000	\$ 2,758,341
Grants	390,635	110,000	500,635
Total Public Support	3,138,976	120,000	3,258,976
Internal Special Events	1,591,532	5,000	1,596,532
Less: Costs of Direct Benefits to Donors	(460,084)	-	(460,084)
Total Special Events	1,131,448	5,000	1,136,448
Investment Loss, Net	(78)	-	(78)
Other Income	65,265	-	65,265
Net Assets Released from Restrictions	49,352	(49,352)	-
Total Revenues, Gains, and Other Support	4,384,963	75,648	4,460,611
EXPENSES			
Program Services:			
Wish Granting	2,340,065	-	2,340,065
Total Program Services	2,340,065	-	2,340,065
Support Services:			
Fundraising	917,095	-	917,095
Management and General	647,761	-	647,761
Total Support Services	1,564,856	-	1,564,856
Total Expenses	3,904,921	-	3,904,921
CHANGE IN NET ASSETS	480,042	75,648	555,690
Net Assets - Beginning of Year	2,018,989	59,352	2,078,341
NET ASSETS - END OF YEAR	\$ 2,499,031	\$ 135,000	\$ 2,634,031

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services			Direct Donor Benefit	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 1,147,755	\$ -	\$ -	\$ -	\$ -	\$ 1,147,755
Salaries, Taxes, and Benefits	890,415	606,238	397,844	1,004,082	-	1,894,497
Printing, Subscriptions, and Publications	760	43,895	1,439	45,334	-	46,094
Professional Fees	4,241	17,381	83,745	101,126	-	105,367
Rent and Utilities	150,534	102,491	67,260	169,751	-	320,285
Postage and Delivery	1,381	8,281	652	8,933	-	10,314
Travel	89	1,357	-	1,357	-	1,446
Meetings and Conferences	103	56,752	917	57,669	-	57,772
Office Supplies	7,488	932	1,312	2,244	-	9,732
Communications	16,891	10,645	6,959	17,604	-	34,495
Advertising and Media (Cash)	-	1,531	-	1,531	-	1,531
Repairs and Maintenance	5,482	3,732	2,449	6,181	-	11,663
Membership Dues	-	2,027	-	2,027	-	2,027
National Partnership Dues	236,547	42,710	49,281	91,991	-	328,538
Miscellaneous	11,700	36,535	11,723	48,258	-	59,958
Depreciation and Amortization	22,339	15,210	9,981	25,191	-	47,530
Special Event Expenses - Direct Donor Benefits	-	-	-	-	25,402	25,402
Total	<u>2,495,725</u>	<u>949,717</u>	<u>633,562</u>	<u>1,583,279</u>	<u>25,402</u>	<u>4,104,406</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(25,402)	(25,402)
 Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,495,725</u>	<u>\$ 949,717</u>	<u>\$ 633,562</u>	<u>\$ 1,583,279</u>	<u>\$ -</u>	<u>\$ 4,079,004</u>

See accompanying Notes to Financial Statements.

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

	Program	Support Services			Direct Donor Benefit	Total
	Services					
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 904,041	\$ -	\$ -	\$ -	\$ -	\$ 904,041
Salaries, Taxes, and Benefits	907,032	617,554	405,270	1,022,824	-	1,929,856
Printing, Subscriptions, and Publications	4,378	23,063	558	23,621	-	27,999
Professional Fees	3,071	22,601	84,463	107,064	-	110,135
Rent and Utilities	184,435	110,868	72,757	183,625	-	368,060
Postage and Delivery	1,743	7,055	952	8,007	-	9,750
Travel	2,946	4,834	10,912	15,746	-	18,692
Meetings and Conferences	4,299	3,042	3,291	6,333	-	10,632
Office Supplies	11,749	4,012	2,887	6,899	-	18,648
Communications	14,202	8,191	5,376	13,567	-	27,769
Advertising and Media (Cash)	-	8,825	669	9,494	-	9,494
Repairs and Maintenance	4,994	3,400	2,231	5,631	-	10,625
Membership Dues	-	1,291	-	1,291	-	1,291
National Partnership Dues	255,766	32,375	35,613	67,988	-	323,754
Miscellaneous	9,624	48,343	8,580	56,923	-	66,547
Depreciation and Amortization	31,785	21,641	14,202	35,843	-	67,628
Special Event Expenses - Direct Donor Benefit	-	-	-	-	460,084	460,084
Total	2,340,065	917,095	647,761	1,564,856	460,084	4,365,005
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(460,084)	(460,084)
 Total Expenses Included in the Expense Section of the Statement of Activities	 <u>\$ 2,340,065</u>	 <u>\$ 917,095</u>	 <u>\$ 647,761</u>	 <u>\$ 1,564,856</u>	 <u>\$ -</u>	 <u>\$ 3,904,921</u>

See accompanying Notes to Financial Statements.

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (85,630)	\$ 555,690
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	47,530	67,628
Forgiveness of Paycheck Protection Program Loan	(322,800)	-
Donated Property and Equipment and Inventory	(18,192)	(14,755)
Net Realized and Unrealized Gains on Investments	(4,349)	14,659
(Increase) Decrease in Assets:		
Contributions Receivable	39,017	1,352
Due from Related Entities	196,533	495,998
Prepaid Expenses	95,157	18,921
Other Assets	5,769	(7,654)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	129,129	(111,101)
Due to Related Entities	26,471	(29,229)
Deferred Rent	120,190	28,540
Other Liabilities	(20,000)	(170,000)
Net Cash Provided by Operating Activities	208,825	850,049
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(386,349)	(215,760)
Proceeds from Sales of Investments	-	192,727
Purchases of Property and Equipment	(12,754)	(366)
Net Cash Used by Investing Activities	(399,103)	(23,399)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(10,992)	(10,251)
Proceeds from Paycheck Protection Program Loan	301,500	322,800
Net Cash Provided by Financing Activities	290,508	312,549
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	100,230	1,139,199
Cash and Cash Equivalents - Beginning of Year	2,403,506	1,264,307
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,503,736	\$ 2,403,506
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest Paid	\$ 4,198	\$ 3,020
Donated Property and Equipment and Inventory	\$ 18,192	\$ 14,755

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (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 GREATER LOS ANGELES
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. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 5 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances indicate a long-lived asset may be impaired, the asset value will be reduced to fair value. Fair value is determined through various valuation techniques including quoted market values and third-party independent appraisals, as considered necessary.

Fair Value Measurements

Fair value measurements of financial assets and financial liabilities and fair value measurements of nonfinancial items are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets (or liabilities) that the reporting entity has the ability to access at the measurement date.

Level 2 – Prices for a similar asset (or liability), other than quoted prices included in Level 1 inputs, that are observable for the asset (or liability), either directly or indirectly. If the asset (or liability) has a specified term, a Level 2 input must be observable for substantially the full term of the asset (or liability).

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

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

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

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

Revenue Recognition

Revenue is recognized on the accrual basis and generally consists of contributions, special event revenue, in-kinds and other income.

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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	\$ 63,221	\$ -	\$ -	\$ 63,221
Other	1,124	15,570	-	16,694
	<u>\$ 64,345</u>	<u>\$ 15,570</u>	<u>\$ -</u>	<u>79,915</u>
Inventory (Asset)				18,192
Property and Equipment				3,000
Total				<u>\$ 101,107</u>
 <u>August 31, 2020</u>				
Wish Related	\$ 218,545	\$ -	\$ -	\$ 218,545
Other	10,010	1,128	740	11,878
	<u>\$ 228,555</u>	<u>\$ 1,128</u>	<u>\$ 740</u>	<u>230,423</u>
Inventory (Asset)				14,755
Total				<u>\$ 245,178</u>

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

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

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

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and California taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Sections 12586 and 12587 of the California Government 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2021 and 2020. The Foundation files income tax returns in the U.S. federal jurisdiction and one state jurisdiction.

Functional Expenses

The Foundation performs three functions: wish granting, fundraising, and management and general. Definitions of these functions are as follows:

Wish Granting

Activities performed by the Foundation in granting wishes to children with critical illnesses.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2021 and 2020, the Foundation incurred no joint costs.

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 recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

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

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$327,672 and \$207,482, respectively, at August 31, 2021 and 2020.

Management Estimates

The preparation of financial statements in conformity with 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

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

NOTE 3 LIQUIDITY AND AVAILABILITY

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

	2021	2020
Total Financial Assets	\$ 3,396,306	\$ 3,140,928
Less: Restricted Funds	13,471	135,000
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 3,382,835	\$ 3,005,928

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

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

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

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value of Financial Instruments (Continued)

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.

Fair Value Hierarchy

The following table presents the placement in 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:	\$ 400,327	\$ -	\$ -	\$ -	\$ 400,327
Cash	-	-	-	375,180	375,180
Total	<u>\$ 400,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 375,180</u>	<u>\$ 775,507</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:	\$ 384,809	\$ -	\$ -	\$ -	\$ 384,809
Total	<u>\$ 384,809</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 384,809</u>

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

NOTE 5 CONTRIBUTIONS RECEIVABLE

The Foundation’s contributions receivable balance as of August 31, 2021 and 2020 were \$8,483, which are due from two donors, and \$47,500, which are due from six donors, respectively. The following is a summary of the Foundation’s contributions receivable at August 31:

	2021	2020
Total Amounts Due in:		
Within One Year	\$ 8,483	\$ 47,500
One to Five Years	-	-
Contributions Receivable, Net	\$ 8,483	\$ 47,500

Management has determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2021 and 2020.

NOTE 6 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 \$1,173,255 and \$1,549,036 from these national revenue streams.

As part of the National Organization’s Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation received \$-0- and \$100,000 during the years ended August 31, 2021 and 2020, respectively.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation® of America pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$410,001 and \$505,285 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 \$4,050 and \$64,900 for the years ended August 31, 2021 and 2020, respectively, which is recorded in the accompanying statement of activities as Other Income.

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

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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

	2021	2020
Due from National Organization	\$ 75,116	\$ 272,620
Due from Other Chapters	33,464	32,493
Total Due from Related Entities	<u>\$ 108,580</u>	<u>\$ 305,113</u>
Due to National Organization	\$ 12,266	\$ -
Due to Other Chapters	14,205	-
Total Due to Related Entities	<u>\$ 26,471</u>	<u>\$ -</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 \$223,951 and \$127,160, respectively. At August 31, 2021 and 2020, amounts due from board members totaled \$0- and \$2,500, respectively, and are included in contributions receivable in the accompanying statement of financial position.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2021	2020
Computer Equipment and Software	\$ 137,071	\$ 127,316
Equipment, Furniture, and Fixtures	214,293	211,293
Leasehold Improvements	48,164	48,164
Total	<u>399,528</u>	<u>386,773</u>
Less: Accumulated Depreciation and Amortization	<u>(350,665)</u>	<u>(303,134)</u>
Property and Equipment, Net	<u>\$ 48,863</u>	<u>\$ 83,639</u>

Depreciation expense is \$47,530 and \$67,628 for the years ended August 31, 2021 and 2020, respectively.

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

NOTE 8 LEASES

The Foundation is obligated under capital and operating leases for office space and equipment, which expire at various dates through August 31, 2025. As of August 31, 2021 and 2020, the cost of leased property and equipment under capital lease was \$55,552 and the accumulated depreciation was \$33,331 and \$22,221, respectively. Total rent expense for all operating leases totaled \$324,885 and \$345,464 for the years ended August 31, 2021 and 2020, respectively.

The Foundation signed an operating lease agreement in July 2015 for office space. Under the lease agreement, there are 10 months where the monthly rent has been reduced to 50% of the regular lease payment. If the lease is terminated early or there is any other breach in the lease agreement, the Foundation would have to pay back this total reduced rent.

The Foundation has been offered economic concessions in the form of reduced rent due to the direct effects of the COVID-19 pandemic. The Foundation has elected to apply the lease modification guidance to those contracts.

The Foundation signed a capital lease agreement in September 2018 for copiers. The term of the lease is for five years ending on September 2023 and requires a monthly payment of \$1,695 of which \$595 is for maintenance.

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

<u>Year Ending August 31,</u>	<u>Operating Leases</u>	<u>Capital Leases</u>
2022	\$ 372,906	\$ 13,200
2023	380,364	13,200
2024	387,972	1,100
2025	395,730	-
Total Minimum Lease Payments	1,536,972	27,500
Less: Amounts Representing Interest	-	(1,980)
Present Value of Net Minimum Lease Payments	<u>\$ 1,536,972</u>	<u>\$ 25,520</u>

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

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Disney Wish Boost Shipping Funds	\$ 5,138	\$ -
Total	<u>5,138</u>	<u>-</u>
Subject to the Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	8,333	135,000
Total	<u>8,333</u>	<u>135,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 13,471</u>	<u>\$ 135,000</u>

NOTE 10 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code limitations. The Foundation matches employee contributions up to 6% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2021 and 2020 were \$28,951 and \$31,671, respectively.

NOTE 11 CONCENTRATIONS OF CREDIT RISK

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

Contributions totaling \$729,974 and \$372,287 were received from one donor and two donors, respectively, for the years ended August 31, 2021 and 2020, which represents 25% and 11% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 12 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.

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

NOTE 13 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 246 and 129 wishes, respectively. As of August 31, 2021 and 2020, respectively, there were approximately 682 and 742 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2021 was \$4,222 in cash and \$270 in in-kind for a total cost of \$4,492. The average cost of a wish for the year ended August 31, 2020 was \$5,453 in cash and \$3,136 in in-kind for a total cost of \$8,589.

NOTE 14 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 67% of wishes granted and the number of granted wishes averaged approximately 300. The number of wishes granted during the years ended August 31, 2021 and 2020 was 246 and 129, 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 15 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$322,800 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 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 \$322,800 on November 25, 2020.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$301,500 loan. The loan was received on January 27, 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.

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

NOTE 15 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 16 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through February 14, 2022, the date at which the financial statements were available to be issued.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**

