

**MAKE-A-WISH FOUNDATION® OF
MINNESOTA**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2021 AND 2020



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YEARS ENDED AUGUST 31, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Minnesota
Minneapolis, Minnesota

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
January 12, 2022

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

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 1,605,777	\$ 1,195,691
Investments	3,126,736	2,283,458
Due from Related Entities	115,794	73,708
Prepaid Expenses	85,326	121,161
Contributions Receivable, Net	130,070	351,358
Other Assets	16,207	15,299
Investments Held for Long-Term Purposes	353,334	312,483
Property and Equipment, Net	19,262	44,263
Total Assets	\$ 5,452,506	\$ 4,397,421
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 107,580	\$ 118,535
Due to Related Entities	7,514	24,875
Deferred Rent	30,425	32,954
Paycheck Protection Program	225,000	262,300
Total Liabilities	370,519	438,664
NET ASSETS		
Without Donor Restrictions	4,948,487	3,696,729
With Donor Restrictions	133,500	262,028
Total Net Assets	5,081,987	3,958,757
Total Liabilities and Net Assets	\$ 5,452,506	\$ 4,397,421

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 2,588,904	\$ 1,000	\$ 2,589,904
Grants	83,124	-	83,124
Total Public Support	2,672,028	1,000	2,673,028
Internal Special Events	957,145	-	957,145
Less: Costs of Direct Benefits to Donors	(127,462)	-	(127,462)
Total Internal Special Events	829,683	-	829,683
Investment Income, Net	394,848	-	394,848
Forgiveness of Paycheck Protection Program Loan	262,300	-	262,300
Other Income	5,103	-	5,103
Net Assets Released from Restrictions	129,528	(129,528)	-
Total Revenues, Gains, and Other Support	4,293,490	(128,528)	4,164,962
EXPENSES			
Program Services:			
Wish Granting	1,601,692	-	1,601,692
Total Program Services	1,601,692	-	1,601,692
Support Services:			
Fundraising	810,785	-	810,785
Management and General	624,121	-	624,121
Total Support Services	1,434,906	-	1,434,906
Total Expenses	3,036,598	-	3,036,598
OTHER GAINS (LOSSES)			
Loss on Disposal of Equipment	(5,134)	-	(5,134)
CHANGE IN NET ASSETS	1,251,758	(128,528)	1,123,230
Net Assets - Beginning of Year	3,696,729	262,028	3,958,757
NET ASSETS - END OF YEAR	\$ 4,948,487	\$ 133,500	\$ 5,081,987

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 3,070,832	\$ 242,123	\$ 3,312,955
Grants	64,510	15,000	79,510
Total Public Support	3,135,342	257,123	3,392,465
Internal Special Events	\$ 1,009,164	-	1,009,164
Less: Costs of Direct Benefits to Donors	(57,170)	-	(57,170)
Total Internal Special Events	951,994	-	951,994
Investment Income, Net	216,334	-	216,334
Other Income	2,403	-	2,403
Net Assets Released from Restrictions	239,666	(239,666)	-
Total Revenues, Gains, and Other Support	4,545,739	17,457	4,563,196
EXPENSES			
Program Services:			
Wish Granting	2,969,625	-	2,969,625
Total Program Services	2,969,625	-	2,969,625
Support Services:			
Fundraising	819,000	-	819,000
Management and General	588,577	-	588,577
Total Support Services	1,407,577	-	1,407,577
Total Expenses	4,377,202	-	4,377,202
CHANGE IN NET ASSETS	168,537	17,457	185,994
Net Assets - Beginning of Year	3,528,192	244,571	3,772,763
NET ASSETS - END OF YEAR	\$ 3,696,729	\$ 262,028	\$ 3,958,757

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services				Total
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	
Direct Costs of Wishes	\$ 915,326	\$ -	\$ -	\$ -	\$ -	\$ 915,326
Salaries, Taxes, and Benefits	383,834	515,632	422,905	938,537	-	1,322,371
Printing, Subscriptions, and Publications	3,037	19,668	1,204	20,872	-	23,909
Professional Fees	3,439	4,918	78,921	83,839	-	87,278
Rent and Utilities	33,632	45,229	37,111	82,340	-	115,972
Postage and Delivery	4,914	7,243	1,656	8,899	-	13,813
Travel	61	588	105	693	-	754
Meetings and Conferences	464	71,365	6,824	78,189	-	78,653
Office Supplies	21,460	7,792	2,732	10,524	-	31,984
Communications	4,502	4,360	3,608	7,968	-	12,470
Advertising and Media (Cash)	-	6,989	-	6,989	-	6,989
Advertising and Media (In-Kind)	-	6,740	-	6,740	-	6,740
Repairs and Maintenance	2,466	3,316	2,721	6,037	-	8,503
Bad Debt Expense	-	2,700	-	2,700	-	2,700
Membership Dues	440	1,704	859	2,563	-	3,003
National Partnership Dues	214,748	38,774	44,739	83,513	-	298,261
Miscellaneous	7,607	66,018	14,379	80,397	-	88,004
Depreciation and Amortization	5,762	7,749	6,357	14,106	-	19,868
Special Event - Direct Donor Benefits	-	-	-	-	127,463	127,463
Total Expenses by Function	<u>1,601,692</u>	<u>810,785</u>	<u>624,121</u>	<u>1,434,906</u>	<u>127,463</u>	<u>3,164,061</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(127,463)	(127,463)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,601,692</u>	<u>\$ 810,785</u>	<u>\$ 624,121</u>	<u>\$ 1,434,906</u>	<u>\$ -</u>	<u>\$ 3,036,598</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MINNESOTA
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	\$ 2,030,803	\$ -	\$ -	\$ -	\$ -	\$ 2,030,803
Salaries, Taxes, and Benefits	553,080	616,289	410,859	1,027,148	-	1,580,228
Printing, Subscriptions, and Publications	1,223	13,015	1,089	14,104	-	15,327
Professional Fees	3,731	5,989	73,130	79,119	-	82,850
Rent and Utilities	43,252	48,194	32,130	80,324	-	123,576
Postage and Delivery	3,000	8,541	1,590	10,131	-	13,131
Travel	3,674	6,252	5,670	11,922	-	15,596
Meetings and Conferences	59,099	29,357	12,727	42,084	-	101,183
Office Supplies	14,817	1,857	1,005	2,862	-	17,679
Communications	4,049	4,506	2,457	6,963	-	11,012
Advertising and Media (Cash)	-	1,131	-	1,131	-	1,131
Repairs and Maintenance	3,322	4,685	2,468	7,153	-	10,475
Membership Dues	2,006	4,184	247	4,431	-	6,437
National Partnership Dues	232,718	29,458	32,404	61,862	-	294,580
Miscellaneous	7,100	36,904	7,042	43,946	-	51,046
Depreciation and Amortization	7,751	8,638	5,759	14,397	-	22,148
Special Event - Direct Donor Benefits				-	57,170	57,170
Total Expenses by Function	<u>2,969,625</u>	<u>819,000</u>	<u>588,577</u>	<u>1,407,577</u>	<u>57,170</u>	<u>4,434,372</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,170)</u>	<u>(57,170)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,969,625</u>	<u>\$ 819,000</u>	<u>\$ 588,577</u>	<u>\$ 1,407,577</u>	<u>\$ -</u>	<u>\$ 4,377,202</u>

See accompanying Notes to Financial Statements.

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,123,230	\$ 185,994
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	19,868	22,148
Forgiveness of Paycheck Protection Program Loan	(262,300)	-
Bad Debt Expense and Other	2,700	-
Net Realized and Unrealized Gains on Investments	(330,270)	(110,797)
Loss on Disposal of Property and Equipment	5,134	-
Contributed Property and Equipment and Inventory	-	(1,682)
Change in Discount to Present Value of Contributions Receivable	(3,389)	3,389
(Increase) Decrease in Assets:		
Contributions Receivable	221,977	(92,476)
Due from Related Entities	(42,086)	10,429
Prepaid Expenses	35,835	91,156
Other Assets	(908)	(3,744)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(10,955)	(91,413)
Due to Related Entities	(17,361)	9,905
Deferred Rent	(2,529)	(658)
Net Cash Provided by Operating Activities	738,946	22,251
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,006,896)	(746,279)
Proceeds from Sales of Investments	453,036	1,199,233
Purchases of Property and Equipment	-	(4,335)
Net Cash Provided by Investing Activities	(553,860)	448,619
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	225,000	262,300
Net Cash Provided by Financing Activities	225,000	262,300
 NET INCREASE IN CASH AND CASH EQUIVALENTS	410,086	733,170
Cash and Cash Equivalents - Beginning of Year	1,195,691	462,521
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,605,777	\$ 1,195,691
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Contributed Property and Inventory	\$ -	\$ 1,682

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to nonprofit entities.

Cash, 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 MINNESOTA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost of greater than \$1,000 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 7 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 MINNESOTA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

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

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

Revenue Recognition

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

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was approximately \$127,000 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. Unconditional promises to give totaled \$130,070 and \$354,747 as of August 31, 2021 and 2020, respectively.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Conditional promises to give are not recognized as contribution revenue and receivables until the conditions have been substantially met. There are no conditional promises to give outstanding at August 31, 2021. At August 31, 2020, the Foundation had entered into an agreement with an airline in which the airline agreed to provide the Foundation with 2,000,000 airline miles monthly through August 16, 2021. Those miles were to be used in fulfilling wishes. In exchange, the Foundation agreed to advertise the airline's brand at various events. The value of the miles was recognized as income as the miles were used to book wish trips.

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>Program</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2021</u>				
Wish Related	\$ 246,365	\$ -	\$ -	\$ 246,365
Advertising and Media	-	6,740	-	6,740
Other	19,590	98,398	2,554	120,542
Total	<u>\$ 265,955</u>	<u>\$ 105,138</u>	<u>\$ 2,554</u>	<u>373,647</u>
Special Events				17,447
Other Assets				3,036
Total				<u>\$ 394,130</u>
<u>August 31, 2020</u>				
Wish Related	\$ 909,887	\$ -	\$ -	\$ 909,887
Other	61,721	18,163	2,159	82,043
Total	<u>\$ 971,608</u>	<u>\$ 18,163</u>	<u>\$ 2,159</u>	991,930
Other Assets				1,682
Total				<u>\$ 993,612</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 MINNESOTA
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 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 Minnesota income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Minnesota Statute 290.05. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

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

Functional Expenses

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

Wish Granting

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

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations.

Management and General

All costs not identifiable with a specific programs or fundraising activities, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

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

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

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 was \$30,425 and \$32,954, respectively at August 31, 2021 and 2020.

Management Estimates

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

Change in Accounting Principles

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.

NOTE 3 LIQUIDITY AND AVAILABILITY

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

	<u>2021</u>	<u>2020</u>
Total Financial Assets	\$ 5,331,711	\$ 4,216,698
Donor-Imposed Restrictions:		
Restricted Funds	(133,500)	(262,028)
Board-Designated Endowments	<u>(353,334)</u>	<u>(312,483)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 4,491,543</u>	<u>\$ 3,329,704</u>

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

NOTE 3 LIQUIDITY AND AVAILABILITY

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 funds designated by the board as endowments.

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

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

Overall Investment Objective

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

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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments

Allocation of Investment Strategies

In addition to traditional stocks and fixed income securities, the Foundation may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity, and real asset strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly. Private equity funds employ buy-out and venture capital strategies and focus on investments in turnaround situations. Real estate funds generally hold interests in public real estate investment trusts (REITS) or commercial real estate through sole-member entities. Private equity and real asset strategies therefore often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Foundation's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.

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	\$ 2,434,469	\$ -	\$ -	\$ -	\$ 2,434,469
Exchange-Traded Funds	159,220	-	-	-	159,220
Equity Securities	368,952	-	-	-	368,952
Debt Securities	-	464,609	-	-	464,609
Cash	-	-	-	52,820	52,820
Total Investments	<u>\$ 2,962,641</u>	<u>\$ 464,609</u>	<u>\$ -</u>	<u>\$ 52,820</u>	<u>\$ 3,480,070</u>

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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2020</u>					
Assets					
Investments:					
Mutual Funds	\$ 1,796,321	\$ -	\$ -	\$ -	\$ 1,796,321
Exchange-Traded Funds	143,165	-	-	-	143,165
Equity Securities	255,984	-	-	-	255,984
Debt Securities	-	326,428	-	-	326,428
Cash	-	-	-	74,043	74,043
Total Investments	<u>\$ 2,195,470</u>	<u>\$ 326,428</u>	<u>\$ -</u>	<u>\$ 74,043</u>	<u>\$ 2,595,941</u>

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging at -0-% at August 31, 2021 and at 4.13% 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	\$ 130,070	\$ 229,747
One to Five Years	-	125,000
Gross Contributions Receivable	130,070	354,747
Less: Discount to Present Value	-	(3,389)
Contributions Receivable, Net	<u>\$ 130,070</u>	<u>\$ 351,358</u>

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 \$912,552 and \$834,725 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 \$361,526 and \$395,379 were paid from the Foundation to the National Organization during the years ended August 31, 2021 and 2020, respectively.

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NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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 \$5,100 and \$2,400, respectively, for the years ended August 31, 2021 and 2020, which is recorded in the accompanying statements of activities as other income.

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

	<u>2021</u>	<u>2020</u>
Due from National Organization	\$ 102,442	\$ 73,708
Due from Other Chapters	13,352	-
Total Due from Related Entities	<u>\$ 115,794</u>	<u>\$ 73,708</u>
Due to National Organization	\$ 7,514	\$ 24,875
Total Due to Related Entities	<u>\$ 7,514</u>	<u>\$ 24,875</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 \$193,853 and \$147,795, respectively. At August 31, 2021 and 2020, amounts due from board members totaled \$-0- and \$5,000, respectively, and are included in contributions receivable in the accompanying statements of financial position.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	<u>2021</u>	<u>2020</u>
Land		
Computer Equipment and Software	\$ 70,090	\$ 94,138
Office Furniture and Equipment	73,816	87,536
Leasehold Improvements	12,718	14,603
Total	<u>156,624</u>	<u>196,277</u>
Less Accumulated Depreciation and Amortization	<u>(137,362)</u>	<u>(152,014)</u>
Property and Equipment, Net	<u>\$ 19,262</u>	<u>\$ 44,263</u>

Depreciation and amortization expense totaled \$19,868 and \$22,148, respectively for the years ended August 31, 2021 and 2020.

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NOTE 8 LEASES

The Foundation is obligated under one operating lease for offices, for which the lease agreement was amended and the rented space was reduced in June 2021. The lease expires on July 31, 2026. Total rent expense for all operating leases for the years ended August 31, 2021 and 2020 totaled \$66,144 and \$76,287, respectively.

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

<u>Year Ending August 31:</u>	<u>Amount</u>
2022	\$ 50,097
2023	49,655
2024	49,248
2025	50,302
Thereafter	45,405
Total	<u>\$ 244,707</u>

NOTE 9 NET ASSETS

Net Assets Without Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Board-Designated Endowment Funds	<u>\$ 353,334</u>	<u>\$ 312,483</u>

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:		
Program Service Grant	\$ 8,500	\$ 15,000
Total	<u>8,500</u>	<u>15,000</u>
Subject to Passage of Time:		
Promise to Give	125,000	247,028
Total Donor-Restricted Net Assets	<u>\$ 133,500</u>	<u>\$ 262,028</u>

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NOTE 10 ENDOWMENTS

The Foundation has established a board restricted endowment with the proceeds of an unrestricted bequest from a single donor.

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 one fund designated by the board of directors to function as an endowment. 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.

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

<u>August 31, 2021</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated Endowment Funds	<u>\$ 353,334</u>	<u>\$ -</u>	<u>\$ 353,334</u>
<u>August 31, 2020</u>			
Board-Designated Endowment Funds	<u>\$ 312,483</u>	<u>\$ -</u>	<u>\$ 312,483</u>

Changes in the 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	\$ 312,483	\$ -	\$ 312,483
Investment Return:			
Investment Income	2,470	-	2,470
Net Appreciation (Realized and Unrealized)	<u>48,683</u>	<u>-</u>	<u>48,683</u>
Total Investment Return	51,153	-	51,153
Other Changes:			
Distribution Pursuant to Distribution Policy	<u>(10,302)</u>	<u>-</u>	<u>(10,302)</u>
Endowment Funds - End of Year	<u>\$ 353,334</u>	<u>\$ -</u>	<u>\$ 353,334</u>

MAKE-A-WISH FOUNDATION® OF MINNESOTA
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NOTE 10 ENDOWMENTS (CONTINUED)

August 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ 293,957	\$ -	\$ 293,957
Investment Return:			
Investment Income	5,453	-	5,453
Net Appreciation (Realized and Unrealized)	20,649	-	20,649
Total Investment Return	26,102	-	26,102
Other Changes:			
Distribution Pursuant to Distribution Policy	(7,576)	-	(7,576)
Endowment Funds - End of Year	<u>\$ 312,483</u>	<u>\$ -</u>	<u>\$ 312,483</u>

NOTE 11 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 4% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2021 and 2020 were \$20,463 and \$46,726, respectively.

NOTE 12 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.

NOTE 13 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the years ending August 31, 2021 and 2020, the Foundation granted 117 and 160 wishes, respectively. As of August 31, 2021 and 2020, respectively, there were approximately 370 and 340 wish children who were eligible for a wish. The average cost of a wish for the year ended August 31, 2021 was \$5,325 in cash and \$2,122 in in-kind for a total cost of \$7,448. The average cost of a wish for the year ended August 31, 2020 was \$5,352 in cash and \$7,041 in in-kind for a total cost of \$12,393.

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NOTE 13 COMMITMENTS (CONTINUED)

The Foundation has contracts with a venue for the future Wish Ball events in April 2022 and April 2023. The Foundation had future noncancellable commitments for this contract for approximately \$63,750 as of August 31, 2021.

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 77% of wishes granted and the number of granted wishes averaged approximately 261. The number of wishes granted during the years ended August 31, 2021 and 2020 were 117 and 160, 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 a \$262,300 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 27, 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 \$262,300 on March 1, 2021.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$225,000 loan. The loan was received on January 29, 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.

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.

**MAKE-A-WISH FOUNDATION® OF MINNESOTA
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NOTE 16 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 12, 2022, the date at which the financial statements were available to be issued.

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