

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



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Wisconsin
Wauwatosa, Wisconsin

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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 Wisconsin 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
December 15, 2021

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

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,184,514	\$ 919,200
Investments	5,863,535	4,742,045
Due from Related Entities	71,327	218,924
Prepaid Expenses	277,348	193,646
Contributions Receivable, Net	899,257	197,308
Other Assets	187,199	47,918
Investments Held for Long-Term Purposes	11,763,032	8,807,407
Property and Equipment, Net	421,632	516,031
Beneficial Interest in Assets Held by Others	<u>207,990</u>	<u>181,899</u>
Total Assets	<u><u>\$ 20,875,834</u></u>	<u><u>\$ 15,824,378</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 385,570	\$ 161,047
Due to Related Entities	10,246	22,631
Other Liabilities	290,075	228,635
Deferred Rent	274,185	322,992
Paycheck Protection Program	<u>269,797</u>	<u>365,537</u>
Total Liabilities	1,229,873	1,100,842
NET ASSETS		
Without Donor Restrictions	17,819,091	13,567,953
With Donor Restrictions	<u>1,826,870</u>	<u>1,155,583</u>
Total Net Assets	<u>19,645,961</u>	<u>14,723,536</u>
Total Liabilities and Net Assets	<u><u>\$ 20,875,834</u></u>	<u><u>\$ 15,824,378</u></u>

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 4,546,362	\$ 841,802	\$ 5,388,164
Grants	426,119	-	426,119
Total Public Support	4,972,481	841,802	5,814,283
Internal Special Events	2,128,621	-	2,128,621
Less: Costs of Direct Benefits to Donors	(386,635)	-	(386,635)
Total Internal Special Events	1,741,986	-	1,741,986
Investment Income, Net	3,059,574	33,100	3,092,674
Forgiveness of Paycheck Protection Program Loan	365,537	-	365,537
Other Income	800	-	800
Net Assets Released from Restrictions	203,615	(203,615)	-
Total Revenues, Gains, and Other Support	10,343,993	671,287	11,015,280
EXPENSES			
Program Services:			
Wish Granting	3,869,011	-	3,869,011
Support Services:			
Fundraising	1,343,831	-	1,343,831
Management and General	880,013	-	880,013
Total Support Services	2,223,844	-	2,223,844
Total Expenses	6,092,855	-	6,092,855
CHANGE IN NET ASSETS	4,251,138	671,287	4,922,425
Net Assets - Beginning of Year	13,567,953	1,155,583	14,723,536
NET ASSETS - END OF YEAR	<u>\$ 17,819,091</u>	<u>\$ 1,826,870</u>	<u>\$ 19,645,961</u>

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 4,040,396	\$ 217,010	\$ 4,257,406
Grants	493,293	-	493,293
Total Public Support	4,533,689	217,010	4,750,699
Internal Special Events	1,857,825	79,715	1,937,540
Less Costs of Direct Benefits to Donors	(410,891)	-	(410,891)
Total Internal Special Events	1,446,934	79,715	1,526,649
Investment Income, Net	1,058,463	31,899	1,090,362
Other Income	6,450	-	6,450
Net Assets Released from Restrictions	688,059	(688,059)	-
Total Revenues, Gains, and Other Support	7,733,595	(359,435)	7,374,160
EXPENSES			
Program Services:			
Wish Granting	4,619,137	-	4,619,137
Support Services:			
Fundraising	1,216,924	-	1,216,924
Management and General	762,368	-	762,368
Total Support Services	1,979,292	-	1,979,292
Total Expenses	6,598,429	-	6,598,429
CHANGE IN NET ASSETS	1,135,166	(359,435)	775,731
Net Assets - Beginning of Year	12,432,787	1,515,018	13,947,805
NET ASSETS - END OF YEAR	<u>\$ 13,567,953</u>	<u>\$ 1,155,583</u>	<u>\$ 14,723,536</u>

See accompanying Notes to Financial Statements.

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

	Program Services		Support Services			
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	\$ 2,164,560	\$ -	\$ -	\$ -	\$ -	\$ 2,164,560
Salaries, Taxes, and Benefits	666,591	883,613	605,847	1,489,460	-	2,156,051
Printing, Subscriptions, and Publications	20,410	102,456	12,803	115,259	-	135,669
Professional Fees	15,141	12,134	69,355	81,489	-	96,630
Rent and Utilities	65,743	65,858	43,327	109,185	-	174,928
Postage and Delivery	19,628	36,810	12,844	49,654	-	69,282
Travel	93	3,496	432	3,928	-	4,021
Meetings and Conferences	1,365	9,566	1,068	10,634	-	11,999
Office Supplies	7,265	7,467	3,086	10,553	-	17,818
Communications	20,337	19,755	13,512	33,267	-	53,604
Advertising and Media (Cash)	-	560	-	560	-	560
Advertising and Media (In-Kind)	-	9,150	-	9,150	-	9,150
Repairs and Maintenance	4,329	4,358	2,670	7,028	-	11,357
Bad Debt Expense	-	14,301	-	14,301	-	14,301
Membership Dues	1,685	3,752	1,124	4,876	-	6,561
Grants and Scholarships	500,000	-	-	-	-	500,000
National Partnership Dues	337,127	60,870	70,235	131,105	-	468,232
Miscellaneous	-	65,006	14,509	79,515	-	79,515
Depreciation and Amortization	44,737	44,679	29,201	73,880	-	118,617
Special Event - Direct Donor Benefits	-	-	-	-	386,635	386,635
Total Expenses by Function	3,869,011	1,343,831	880,013	2,223,844	386,635	6,479,490
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(386,635)	(386,635)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 3,869,011	\$ 1,343,831	\$ 880,013	\$ 2,223,844	\$ -	\$ 6,092,855

See accompanying Notes to Financial Statements.

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

	Program Services		Support Services			
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	\$ 3,188,798	\$ -	\$ -	\$ -	\$ -	\$ 3,188,798
Salaries, Taxes, and Benefits	588,875	761,454	575,315	1,336,769	-	1,925,644
Printing, Subscriptions, and Publications	5,840	105,382	-	105,382	-	111,222
Professional Fees	18,547	17,190	11,702	28,892	-	47,439
Rent and Utilities	76,356	75,732	48,513	124,245	-	200,601
Postage and Delivery	11,688	40,792	7,496	48,288	-	59,976
Travel	2,091	19,502	1,406	20,908	-	22,999
Meetings and Conferences	14,086	24,745	4,767	29,512	-	43,598
Office Supplies	8,897	9,420	4,939	14,359	-	23,256
Communications	21,209	20,988	14,293	35,281	-	56,490
Repairs and Maintenance	14,410	14,158	10,952	25,110	-	39,520
Membership Dues	5,238	6,499	2,838	9,337	-	14,575
Grants and Scholarships	250,000	-	-	-	-	250,000
National Partnership Dues	339,783	47,312	43,011	90,323	-	430,106
Miscellaneous	23,450	24,475	4,282	28,757	-	52,207
Depreciation and Amortization	49,869	49,275	32,854	82,129	-	131,998
Special Event - Direct Donor Benefits	-	-	-	-	410,891	410,891
Total Expenses by Function	4,619,137	1,216,924	762,368	1,979,292	410,891	7,009,320
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(410,891)	(410,891)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 4,619,137	\$ 1,216,924	\$ 762,368	\$ 1,979,292	\$ -	\$ 6,598,429

See accompanying Notes to Financial Statements.

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

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,922,425	\$ 775,731
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	118,617	131,998
Forgiveness of Paycheck Protection Program Loan	(365,537)	-
Net Realized and Unrealized Gains on Investments	(2,818,879)	(820,764)
Change in Value of Beneficial Interest in Assets Held by Others	(26,091)	(31,899)
(Increase) Decrease in Assets:		
Contributions Receivable	(701,949)	576,681
Due from Related Entities	147,597	(148,515)
Prepaid Expenses	(83,702)	(38,172)
Other Assets	(139,281)	7,539
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	224,523	(314,543)
Due to Related Entities	(12,385)	4,176
Other Liabilities	61,440	228,635
Deferred Rent	(48,807)	(39,988)
Net Cash Provided by Operating Activities	<u>1,277,971</u>	<u>330,879</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(2,560,083)	(1,365,526)
Proceeds from Sales of Investments	1,301,847	1,483,758
Purchases of Property and Equipment	(24,218)	(20,036)
Purchases of Beneficial Interest in Assets Held by Others	-	(150,000)
Net Cash Used by Investing Activities	<u>(1,282,454)</u>	<u>(51,804)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	<u>269,797</u>	<u>365,537</u>
Net Cash Provided by Financing Activities	<u>269,797</u>	<u>365,537</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	265,314	644,612
Cash and Cash Equivalents - Beginning of Year	<u>919,200</u>	<u>274,588</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,184,514</u></u>	<u><u>\$ 919,200</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Contributed Property and Inventory	<u><u>\$ 115,880</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Wisconsin (the Foundation) is a Wisconsin 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 (the 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 (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 WISCONSIN
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 three to five years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease. 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 WISCONSIN
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.

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was approximately \$386,635 for the year ended August 31, 2021. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met which is the occurrence of the event.

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

MAKE-A-WISH FOUNDATION® OF WISCONSIN
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. The Foundation did not have any conditional promises outstanding for the years ended August 31, 2021 and 2020, respectively.

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

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

	Programs	Fundraising	Management and General	Total
<u>August 31, 2021</u>				
Wish Related	\$ 340,765	\$ -	\$ -	\$ 340,765
Professional Services	2,442	2,442	1,542	6,426
Rent	11,872	11,851	7,596	31,319
Advertising and Media	-	9,150	-	9,150
Other	21,486	51,324	18,500	91,310
Total	<u>\$ 376,565</u>	<u>\$ 74,767</u>	<u>\$ 27,638</u>	<u>478,970</u>
Special Events				166,959
Inventory (Asset)				115,880
In-Kind Receivable (Asset)				2,371
Total				<u>\$ 764,180</u>
<u>August 31, 2020</u>				
Wish Related	\$ 1,024,819	\$ -	\$ -	\$ 1,024,819
Rent	-	38,608	-	38,608
Other	32,375	549	46,073	78,997
Total	<u>\$ 1,057,194</u>	<u>\$ 39,157</u>	<u>\$ 46,073</u>	<u>1,142,424</u>
Special Events				263,255
Total				<u>\$ 1,405,679</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 WISCONSIN
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 fundraising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes.

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

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Wisconsin taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Chapter 181 of the Wisconsin Revenue and Taxation Code. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

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

Functional Expenses

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

Wish Granting

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

Fundraising

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

Management and General

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

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

MAKE-A-WISH FOUNDATION® OF WISCONSIN
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 \$274,185 and \$322,992 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 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 months 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	\$ 19,781,665	\$ 14,884,884
Donor-Imposed Restrictions:		
Restricted Funds	(1,618,880)	(973,684)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 18,162,785</u>	<u>\$ 13,911,200</u>

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

As part of the Foundation's liquidity management plan, cash in excess of daily requirements are invested in short-term investments, CDs, and money market funds.

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.

Investments

Overall Investment Objective

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

Fair Value Hierarchy

The following table presents the fair value hierarchy of assets that are measured at fair value on a recurring basis at August 31:

	Level 1	Level 2	Level 3	Assets not Held at Fair Value	Total
<u>August 31, 2021</u>					
Assets					
Investments:					
Exchange-Traded Funds	\$ 9,808,518	\$ -	\$ -	-	\$ 9,808,518
Equity Securities	1,882,049	-	-	-	1,882,049
Debt Securities	5,566,060	-	-	-	5,566,060
Cash	-	-	-	369,940	369,940
Total Investments	17,256,627	-	-	369,940	17,626,567
Beneficial Interest in Assets Held by Others	-	-	207,990	-	207,990
Total Assets	<u>\$ 17,256,627</u>	<u>\$ -</u>	<u>\$ 207,990</u>	<u>\$ 369,940</u>	<u>\$ 17,834,557</u>
<u>August 31, 2020</u>					
Assets					
Investments:					
Mutual Funds	\$ 2,080	\$ -	\$ -	-	\$ 2,080
Exchange-Traded Funds	7,386,113	-	-	-	7,386,113
Equity Securities	1,520,665	-	-	-	1,520,665
Debt Securities	4,519,189	-	-	-	4,519,189
Cash	-	-	-	121,405	121,405
Total Investments	13,428,047	-	-	121,405	13,549,452
Beneficial Interest in Assets Held by Others	-	-	181,899	-	181,899
Total Assets	<u>\$ 13,428,047</u>	<u>\$ -</u>	<u>\$ 181,899</u>	<u>\$ 121,405</u>	<u>\$ 13,731,351</u>

For the valuation of beneficial interest in assets held by others, the Foundation used significant unobservable inputs (Level 3).

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

	2021	2020
Purchases	\$ -	\$ 150,000

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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

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

Quantitative Information About Level 3 Fair Value Measurements			
Type of Assets	Fair Value at August 31, 2021	Principal Valuation Technique	Unobservable Inputs
Beneficial Interests in Assets Held by Others	<u>\$ 207,990</u>	FMV of Assets	Value of Underlying Assets
Type of Assets	Fair Value at August 31, 2020	Principal Valuation Technique	Unobservable Inputs
Beneficial Interests in Assets Held by Others	<u>\$ 181,899</u>	FMV of Assets	Value of Underlying Assets

Beneficial Interest in Assets Held by Others

As of August 31, 2021 and 2020, the Foundation had a beneficial interest in assets held by others of \$207,990 and \$181,899, respectively. This interest consists of a fund contributed to the Wishes Forever Endowment Fund at the National Office. An endowment agreement has been signed between the chapter and National Office. Distributions from the National Office are made in accordance with the spending policies adopted by the National Office. The National Office has variance power as it relates to these assets. The beneficial interest in assets held by others consists of funds contributed and the earnings thereon, net of distributions received, and is classified as net assets with donor restrictions in the statements of financial position.

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates of 1.92% at August 31, 2021.

The following is a summary of the Foundation's contributions receivable at August 31:

	2021	2020
Total Amounts Due in:		
Within One Year	\$ 313,930	\$ 172,858
One to Five Years	607,650	24,450
Contributions Receivable, Net	921,580	197,308
Less: Discount to Present Value	(22,323)	-
Contributions Receivable, Net	<u>\$ 899,257</u>	<u>\$ 197,308</u>

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

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NOTE 6 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2021 and 2020, respectively, the Foundation received \$1,325,093 and \$1,097,912 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 contributed \$500,000 and \$250,000 during the years ended August 31, 2021 and 2020, respectively.

Conversely, the Foundation pays amounts to the National Organization for annual 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 \$1,275,807 and \$865,246 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 \$800 and \$6,450 for the years ended August 31, 2021 and 2020, respectively, which is recorded in the accompanying statements of activities as Other Income.

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

	2021	2020
Due from National Organization	\$ 68,915	\$ 218,924
Due from Other Chapters	2,412	-
Total Due from Related Entities	<u>\$ 71,327</u>	<u>\$ 218,924</u>
Due to National Organization	\$ 4,621	\$ 22,280
Due to Other Chapters	5,625	351
Total Due to Related Entities	<u>\$ 10,246</u>	<u>\$ 22,631</u>

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NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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

During the years ended August 31, 2021 and 2020, the Foundation received contributions from board members totaling \$132,214 and \$119,893, respectively.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2021	2020
Computer Equipment and Software	\$ 181,369	\$ 174,333
Office Furniture	264,748	269,187
Leasehold Improvements	773,216	793,676
Total	1,219,333	1,237,196
Less: Accumulated Depreciation and Amortization	(797,701)	(721,165)
Property and Equipment, Net	<u>\$ 421,632</u>	<u>\$ 516,031</u>

Depreciation and amortization expense totaled \$118,617 and \$131,998, respectively for the years ended August 31, 2021 and 2020, respectively.

NOTE 8 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through September 30, 2026. Total rent expense for all operating leases for the years ended August 31, 2021 and 2020 totaled \$174,928 and \$200,601 respectively.

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

<u>Year Ending August 31:</u>	<u>Operating Leases</u>
2022	\$ 126,380
2023	129,540
2024	132,778
2025	136,098
2026	151,293
Total Minimum Lease Payments	<u>\$ 676,089</u>

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NOTE 9 NET ASSETS

Net Assets With Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 808,054	\$ 812,784
Internal Special Events	-	79,715
Total	<u>808,054</u>	<u>892,499</u>
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	<u>810,826</u>	<u>81,185</u>
Total	810,826	81,185
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	57,990	31,899
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Helen Blenker Endowment Fund	<u>150,000</u>	<u>150,000</u>
Total	<u>207,990</u>	<u>181,899</u>
 Total Donor-Restricted Net Assets	 <u><u>\$ 1,826,870</u></u>	 <u><u>\$ 1,155,583</u></u>

NOTE 10 RETIREMENT PLAN

The Foundation has a defined board-designated Simplified Employee Pension retirement plan (the Plan). Under the provisions of the Plan, eligible employees receive a distribution at the end of the fiscal year based on board vote, between 0% and 15% of the employee's gross salary. Foundation contributions to the Plan for the years ended August 31, 2021 and 2020 were \$215,558 and \$105,301, 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.

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NOTE 11 CONCENTRATION OF CREDIT RISK (CONTINUED)

Contributions totaling \$2,206,285 were received from two donors for the year ended August 31, 2021, which represents 28% of total public support. There were no significant contribution concentrations for the year ended August 31, 2020. 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.

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 244 and 265 wishes, respectively. As of August 31, 2021 and 2020, respectively, there were approximately 499 and 430 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2021 was \$7,192 in cash and \$1,481 in in-kind for a total cost of \$8,673. The average cost of a wish for the year ended August 31, 2020 was \$6,990 in cash and \$5,519 in in-kind for a total cost of \$12,509.

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 399. The number of wishes granted during the years ended August 31, 2021 and 2020 was 244 and 265, 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.

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NOTE 15 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved a \$365,537 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 May 8, 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 \$365,537 on January 8, 2021.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$269,797 loan. The loan was received on March 15, 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. The Foundation received forgiveness of \$269,797 on October 28, 2021.

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

NOTE 16 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 15, 2021, the date at which the financial statements were available to be issued.

