

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



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

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

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



INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Alabama
Vestavia Hills, Alabama

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
March 10, 2022

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

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 2,244,784	\$ 1,163,977
Due from Related Entities	31,713	55,165
Prepaid Expenses	90,892	129,610
Contributions Receivable, Net	2,125	20,000
Accounts Receivable	82,119	154,600
Other Assets	79,087	10,515
Property and Equipment, Net	21,355	19,857
Total Assets	\$ 2,552,075	\$ 1,553,724
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 144,552	\$ 104,022
Due to Related Entities	3,908	2,293
Deferred Revenue	59,900	-
Deferred Rent	45,415	2,589
Capital Lease Obligations	7,696	12,625
Paycheck Protection Program	337,139	177,097
Total Liabilities	598,610	298,626
NET ASSETS		
Without Donor Restrictions	1,947,744	1,251,598
With Donor Restrictions	5,721	3,500
Total Net Assets	1,953,465	1,255,098
Total Liabilities and Net Assets	\$ 2,552,075	\$ 1,553,724

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 2,453,266	\$ 5,721	\$ 2,458,987
Grants	95,558	-	95,558
Total Public Support	2,548,824	5,721	2,554,545
Internal Special Events	1,170,312	-	1,170,312
Less: Costs of Direct Benefits to Donors	(277,408)	-	(277,408)
Total Internal Special Events	892,904	-	892,904
Sale of Donated Goods	1,034,364	-	1,034,364
Less: Cost of Donated Goods Sold	(1,034,364)	-	(1,034,364)
Net Sale of Donated Goods	-	-	-
Other Income	1,202	-	1,202
Net Assets Released from Restrictions	3,500	(3,500)	-
Total Revenues, Gains, and Other Support	3,446,430	2,221	3,448,651
EXPENSES			
Program Services:			
Wish Granting	1,618,403	-	1,618,403
Support Services:			
Fundraising	681,039	-	681,039
Management and General	450,842	-	450,842
Total Support Services	1,131,881	-	1,131,881
Total Expenses	2,750,284	-	2,750,284
CHANGE IN NET ASSETS	696,146	2,221	698,367
Net Assets - Beginning of Year	1,251,598	3,500	1,255,098
NET ASSETS - END OF YEAR	\$ 1,947,744	\$ 5,721	\$ 1,953,465

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 2,218,332	\$ -	\$ 2,218,332
Grants	156,649	3,500	160,149
Total Public Support	2,374,981	3,500	2,378,481
Internal Special Events	753,887	-	753,887
Less: Costs of Direct Benefits to Donors	(76,239)	-	(76,239)
Total Special Events	677,648	-	677,648
Sale of Donated Goods	903,270	-	903,270
Less: Cost of Donated Goods Sold	(903,270)	-	(903,270)
Net Sale of Donated Goods	-	-	-
Other Income	523	-	523
Net Assets Released from Restrictions	101,669	(101,669)	-
Total Revenues, Gains, and Other Support	3,154,821	(98,169)	3,056,652
EXPENSES			
Program Services:			
Wish Granting	1,594,895	-	1,594,895
Support Services:			
Fundraising	671,528	-	671,528
Management and General	333,977	-	333,977
Total Support Services	1,005,505	-	1,005,505
Total Expenses	2,600,400	-	2,600,400
CHANGE IN NET ASSETS	554,421	(98,169)	456,252
Net Assets - Beginning of Year	697,177	101,669	798,846
NET ASSETS - END OF YEAR	\$ 1,251,598	\$ 3,500	\$ 1,255,098

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 1,031,320	\$ -	\$ -	\$ -	\$ -	\$ 1,031,320
Salaries, Taxes, and Benefits	355,135	358,982	254,734	613,716	-	968,851
Printing, Subscriptions, and Publications	2,622	8,141	11,043	19,184	-	21,806
Professional Fees	83	2,919	80,647	83,566	-	83,649
Rent and Utilities	29,249	30,390	20,859	51,249	-	80,498
Postage and Delivery	3,834	1,878	1,077	2,955	-	6,789
Travel	3,561	26,038	7,278	33,316	-	36,877
Meetings and Conferences	4,434	100,646	3,217	103,863	-	108,297
Office Supplies	3,817	2,584	7,289	9,873	-	13,690
Communications	6,000	5,593	5,144	10,737	-	16,737
Advertising and Media (Cash)	-	33,936	80	34,016	-	34,016
Repairs and Maintenance	589	596	552	1,148	-	1,737
Membership Dues	301	304	465	769	-	1,070
National Partnership Dues	168,586	30,439	35,122	65,561	-	234,147
Miscellaneous	3,550	73,213	19,614	92,827	-	96,377
Depreciation and Amortization	5,322	5,380	3,721	9,101	-	14,423
Special Event - Direct Donor Benefits	-	-	-	-	277,408	277,408
Total	<u>1,618,403</u>	<u>681,039</u>	<u>450,842</u>	<u>1,131,881</u>	<u>277,408</u>	<u>3,027,692</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(277,408)</u>	<u>(277,408)</u>
 Total Expenses Included in the Expense Section of the Statement of Activities	 <u>\$ 1,618,403</u>	 <u>\$ 681,039</u>	 <u>\$ 450,842</u>	 <u>\$ 1,131,881</u>	 <u>\$ -</u>	 <u>\$ 2,750,284</u>

See accompanying Notes to Financial Statements.

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

	Program	Support Services			Direct Donor	Total
	Services					
	Wish		Management	Total Support	Benefits	
	Granting	Fundraising	and General	Services		
Direct Costs of Wishes	\$ 1,102,551	\$ -	\$ -	\$ -	\$ -	\$ 1,102,551
Salaries, Taxes, and Benefits	271,339	451,860	205,585	657,445	-	928,784
Printing, Subscriptions, and Publications	3,767	10,694	2,230	12,924	-	16,691
Professional Fees	43	4,126	49,024	53,150	-	53,193
Rent and Utilities	17,640	29,381	13,310	42,691	-	60,331
Postage and Delivery	1,081	2,429	1,121	3,550	-	4,631
Travel	5,246	23,041	10,626	33,667	-	38,913
Meetings and Conferences	921	58,565	9,045	67,610	-	68,531
Office Supplies	12,036	6,310	3,480	9,790	-	21,826
Communications	5,505	8,934	3,139	12,073	-	17,578
Advertising and Media (Cash)	-	54	-	54	-	54
Advertising and Media (In-Kind)	-	5,015	-	5,015	-	5,015
Repairs and Maintenance	464	769	346	1,115	-	1,579
Bad Debt Expense	-	29	-	29	-	29
Membership Dues	547	1,314	1,046	2,360	-	2,907
National Partnership Dues	166,488	23,182	21,074	44,256	-	210,744
Miscellaneous	3,334	39,261	10,970	50,231	-	53,565
Depreciation and Amortization	3,933	6,564	2,981	9,545	-	13,478
Special Event - Direct Donor Benefits	-	-	-	-	76,239	76,239
Total	<u>1,594,895</u>	<u>671,528</u>	<u>333,977</u>	<u>1,005,505</u>	<u>76,239</u>	<u>2,676,639</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(76,239)</u>	<u>(76,239)</u>
 Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,594,895</u>	<u>\$ 671,528</u>	<u>\$ 333,977</u>	<u>\$ 1,005,505</u>	<u>\$ -</u>	<u>\$ 2,600,400</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF ALABAMA
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	\$ 698,367	\$ 456,252
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	14,423	13,478
Bad Debt Expense	-	29
Loss on Disposal of Property and Equipment	-	2,365
Contributed Goods for Sale	(1,034,364)	(903,270)
Contributed Property and Equipment and Other Assets	(71,319)	(2,686)
(Increase) Decrease in Assets:		
Contributions Receivable	17,875	113,639
Accounts Receivable	72,481	(64,742)
Due from Related Entities	23,452	(17,460)
Prepaid Expenses	38,718	(65,794)
Other Assets	1,032,111	903,270
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	40,530	(21,428)
Due to Related Entities	1,615	(15,338)
Deferred Revenue	59,900	-
Deferred Rent	42,826	(1,614)
Net Cash Provided by Operating Activities	<u>936,615</u>	<u>396,701</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(10,921)	(4,459)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(4,929)	(2,486)
Proceeds from Paycheck Protection Program Loan	160,042	177,097
Net Cash Provided by Financing Activities	<u>155,113</u>	<u>174,611</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,080,807	566,853
Cash and Cash Equivalents - Beginning of Year	<u>1,163,977</u>	<u>597,124</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,244,784</u>	<u>\$ 1,163,977</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest Paid on Capital Leases	<u>\$ 636</u>	<u>\$ 1,978</u>
Contributed Goods for Sale	<u>\$ 1,034,364</u>	<u>\$ 903,270</u>
Contributed Property and Equipment and Other Assets	<u>\$ 71,319</u>	<u>\$ 2,686</u>

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (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.

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.

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management considers all accounts receivables to be collectable and as such, no allowance for doubtful accounts is recorded for the items. Management determine the allowance for doubtful accounts receivable based on historical experience and a review of subsequent collections.

Property and Equipment, Net

Property and equipment having a unit cost of greater than \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally three to five years.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

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.

Net Assets

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

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

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

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

Revenue Recognition

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was approximately \$277,408 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.

Sales of donated goods are recognized at the time the donated goods are transferred to the customer, which occurs at a point in time.

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

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

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

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

	Program	Fundraising	Management and General	Total
<u>August 31, 2021</u>				
Wish Related	\$ 283,996	\$ -	\$ -	\$ 283,996
Professional Services	-	-	7,420	7,420
Rent	-	50	-	50
Other	-	288	6,530	6,818
	\$ 283,997	\$ 338	\$ 13,950	298,284
Special Events				3,154
Cost of Donated Goods Sold				1,034,364
Other Asset				66,319
Property and Equipment (Capitalized)				5,000
Total				\$ 1,407,121

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

	Program	Fundraising	Management and General	Total
<u>August 31, 2020</u>				
Wish Related	\$ 333,835	\$ -	\$ -	\$ 333,835
Advertising and Media	-	5,015	-	5,015
Other	861	3,079	5,764	9,704
	\$ 334,696	\$ 8,094	\$ 5,764	348,554
Cost of Donated Goods Sold				903,270
Inventory (Asset)				2,686
Total				\$ 1,254,510

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

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

Income Taxes

The Foundation is a nonprofit organization exempt from federal income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and the Alabama 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

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

Wish Granting

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

Fundraising

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

Management and General

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

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

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. Unamortized deferred rent was \$45,415 and \$2,589, 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. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, valuation of contributions receivable and in-kind contributions, accrued pending wish costs, net of attrition, allocation of functional expenses and whether an allowance for uncollectible contributions receivable is required.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-19, *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	\$ 2,360,741	\$ 1,393,742
Donor Imposed Restrictions:		
Restricted Funds	<u>(5,721)</u>	<u>(3,500)</u>
Net Financial Assets after Donor-Imposed Restrictions	<u>2,355,020</u>	<u>1,390,242</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 2,355,020</u>	<u>\$ 1,390,242</u>

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

NOTE 4 RECEIVABLES

The Foundation's contributions receivable as of August 31, 2021 and 2020 were \$2,125 and \$20,000, respectively, which are due from two and one donors, respectively.

The Foundation's accounts receivable as of August 31, 2021 and 2020 were \$82,119 and \$154,600, respectively, which is primarily due from one entity.

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

NOTE 4 RECEIVABLES (CONTINUED)

All receivables are due within the next 12 months. Management determined that all receivables are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2021 and 2020.

NOTE 5 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 \$503,065 and \$403,637 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 \$310,486 and \$273,276 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 \$100 and \$675, respectively, for the years ended August 31, 2021 and 2020, which is recorded in the accompanying statements of activities as Other Income.

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

	2021	2020
Due from National Organization	\$ 28,650	\$ 55,165
Due from Other Chapters	3,063	-
Total Due from Related Entities	<u>\$ 31,713</u>	<u>\$ 55,165</u>
Due to National Organization	\$ 544	\$ 22
Due to Other Chapters	3,364	2,271
Total Due to Related Entities	<u>\$ 3,908</u>	<u>\$ 2,293</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 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.

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

NOTE 5 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

During the years ended August 31, 2021 and 2020, the Foundation received contributions, both cash and in-kind, from board members totaling \$90,993 and \$82,614, respectively. There are no amounts due from board members at August 31, 2021 and 2020. There were no amounts paid to related parties for goods and services used in the Foundation's operations at August 31, 2021 and 2020.

NOTE 6 PROPERTY AND EQUIPMENT, NET

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

	2021	2020
Computer Equipment and Software	\$ 42,907	\$ 41,622
Other Equipment	47,577	32,941
Leasehold Improvements	500	10,610
Total	<u>90,984</u>	<u>85,173</u>
Less: Accumulated Depreciation and Amortization	<u>(69,629)</u>	<u>(65,316)</u>
Property and Equipment, Net	<u>\$ 21,355</u>	<u>\$ 19,857</u>

Depreciation and amortization expense totaled \$14,423 and \$13,478, respectively for the years ended August 31, 2021 and 2020.

NOTE 7 LEASES

The Foundation is obligated under various capital and operating leases for office space and equipment, which expire at various dates through May 31, 2026. As of August 31, 2021 and 2020, the cost of leased equipment acquired under a capital lease was \$19,012 and accumulated depreciation was \$13,309 and \$8,239, respectively. Total rent expense for all operating leases for the years ended August 31, 2021 and 2020 totaled \$76,686 and \$58,050, respectively.

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

<u>Year Ending August 31,</u>	Operating Leases	Capital Leases
2022	\$ 91,869	\$ 4,464
2023	99,900	3,720
2024	101,898	-
2025	103,938	-
2026	<u>79,248</u>	<u>-</u>
Total Minimum Lease Payments	<u>\$ 476,853</u>	8,184
Less: Amounts Representing Interest		(488)
Present Value of Net Minimum Lease Payments		<u>\$ 7,696</u>

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

NOTE 8 NET ASSETS

Net Assets With Donor Restrictions

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

	2021	2020
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 3,596	\$ 3,500
Total	3,596	3,500
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	2,125	-
Total	2,125	-
Total Donor Restricted Net Assets	\$ 5,721	\$ 3,500

NOTE 9 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. After one year of service, the Foundation matches employee contributions based on a formula to be determined by the board of directors. Foundation contributions to the Plan for the years ended August 31, 2021 and 2020 were \$23,422 and \$17,774, respectively.

NOTE 10 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents. The Foundation places its cash 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.

The Foundation received payments of \$1,034,364 and \$903,270, respectively, for the years ended August 31, 2021 and 2020 from one source for the purchase of merchandise donations to the Foundation by the general public. This represented 100% of sale of donated merchandise. Should these levels of support decrease, the Foundation may be adversely affected.

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

NOTE 11 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 97 and 95 wishes, respectively. As of August 31, 2021 and 2020, respectively, there were approximately 260 and 270 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2021 was \$7,033 in cash and \$2,064 in in-kind for a total cost of \$9,097. The average cost of a wish for the year ended August 31, 2020 was \$7,185 in cash and \$4,280 in in-kind for a total cost of \$11,465.

NOTE 12 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 85% of wishes granted and the number of granted wishes averaged approximately 139. The number of wishes granted during the years ended August 31, 2021 and 2020 was 97 and 95, 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 13 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved a \$177,097 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 6, 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.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$160,042 loan. The loan was received on February 25, 2021. The loan accrues interest at 1%, with the first 10 months of interest deferred, has a term of five years and is unsecured and guaranteed by the Small Business Administration. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. Subsequent to year-end, the Foundation received forgiveness for this loan.

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

NOTE 13 PAYCHECK PROTECTION PROGRAM (CONTINUED)

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

NOTE 14 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through March 10, 2022, the date at which the financial statements were available to be issued.

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

