

**MAKE-A-WISH FOUNDATION® OF
SOUTH CAROLINA, INC.**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2022 AND 2021



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of South Carolina, Inc.
Greenville, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Foundation® of South Carolina, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of South Carolina, Inc. as of August 31, 2022 and 2021, and the changes 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Make-A-Wish Foundation® of South Carolina, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Make-A-Wish Foundation® of South Carolina, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Make-A-Wish Foundation® of South Carolina, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Make-A-Wish Foundation® of South Carolina, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Lakeland, Florida
February 24, 2023

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 3,594,154	\$ 3,079,955
Due from Related Entities	103,871	210,306
Prepaid Expenses	206,167	118,404
Contributions Receivable, Net	520,736	30,294
Other Assets	34,883	36,495
Property and Equipment, Net	35,433	37,300
Total Assets	\$ 4,495,244	\$ 3,512,754
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 297,193	\$ 178,922
Due to Related Entities	53,579	8,480
Other Liabilities	18,860	61,275
Deferred Rent	16,688	25,032
Paycheck Protection Program	-	192,917
Total Liabilities	386,320	466,626
NET ASSETS		
Without Donor Restrictions	3,588,188	2,842,353
With Donor Restrictions	520,736	203,775
Total Net Assets	4,108,924	3,046,128
Total Liabilities and Net Assets	\$ 4,495,244	\$ 3,512,754

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 2,406,325	\$ 4,449	\$ 2,410,774
Contributions, Donated Goods and Services	830,011	516,037	1,346,048
Grants	239,794	-	239,794
Total Public Support	3,476,130	520,486	3,996,616
Internal Special Events, Cash	1,572,721	250	1,572,971
Internal Special Events, Donated Goods and Services	29,291	-	29,291
Less Costs of Direct Benefits to Donors	(250,381)	-	(250,381)
Total Internal Special Events	1,351,631	250	1,351,881
Investment Income, Net	42	-	42
Forgiveness of Paycheck Protection Program Loan	192,917	-	192,917
Other Income	12,507	-	12,507
Net Assets Released from Restrictions	203,775	(203,775)	-
Total Revenues, Gains, and Other Support	5,237,002	316,961	5,553,963
EXPENSES			
Program Services:			
Wish Granting	3,314,179	-	3,314,179
Total Program Services	3,314,179	-	3,314,179
Support Services:			
Fundraising	837,399	-	837,399
Management and General	339,589	-	339,589
Total Support Services	1,176,988	-	1,176,988
Total Expenses	4,491,167	-	4,491,167
CHANGE IN NET ASSETS	745,835	316,961	1,062,796
Net Assets - Beginning of Year	2,842,353	203,775	3,046,128
NET ASSETS - END OF YEAR	\$ 3,588,188	\$ 520,736	\$ 4,108,924

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 2,092,916	\$ 5,982	\$ 2,098,898
Contributions, Donated Goods and Services	238,277	30,293	268,570
Grants	178,475	167,500	345,975
Total Public Support	2,509,668	203,775	2,713,443
Internal Special Events, Cash	1,047,493	-	1,047,493
Internal Special Events, Donated Goods and Services	19,719	-	19,719
Less Costs of Direct Benefits to Donors	(123,582)	-	(123,582)
Total Internal Special Events	943,630	-	943,630
Investment Income, Net	87	-	87
Forgiveness of Paycheck Protection Program Loan	213,840	-	213,840
Other Income	13,500	-	13,500
Total Revenues, Gains, and Other Support	3,680,725	203,775	3,884,500
EXPENSES			
Program Services:			
Wish Granting	1,487,094	-	1,487,094
Total Program Services	1,487,094	-	1,487,094
Support Services:			
Fundraising	816,652	-	816,652
Management and General	288,268	-	288,268
Total Support Services	1,104,920	-	1,104,920
Total Expenses	2,592,014	-	2,592,014
CHANGE IN NET ASSETS	1,088,711	203,775	1,292,486
Net Assets - Beginning of Year	1,753,642	-	1,753,642
NET ASSETS - END OF YEAR	\$ 2,842,353	\$ 203,775	\$ 3,046,128

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2022

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 2,498,975	\$ -	\$ -	\$ -	\$ -	\$ 2,498,975
Salaries, Taxes, and Benefits	510,159	553,288	168,821	722,109	-	1,232,268
Printing, Subscriptions, and Publications	7,435	43,507	788	44,295	-	51,730
Professional Fees	882	2,964	83,594	86,558	-	87,440
Rent and Utilities	26,750	29,011	8,852	37,863	-	64,613
Postage and Delivery	5,400	4,673	585	5,258	-	10,658
Travel	3,343	24,387	3,540	27,927	-	31,270
Meetings and Conferences	4,922	27,073	4,716	31,789	-	36,711
Office Supplies	21,558	6,750	1,460	8,210	-	29,768
Communications	5,351	5,804	2,148	7,952	-	13,303
Advertising and Media (Cash)	-	8,958	-	8,958	-	8,958
Membership Dues	79	3,400	5,174	8,574	-	8,653
National Partnership Dues	212,957	38,451	44,366	82,817	-	295,774
Miscellaneous	7,519	79,536	12,616	92,152	-	99,671
Depreciation and Amortization	8,849	9,597	2,929	12,526	-	21,375
Special Event - Direct Donor Benefits	-	-	-	-	250,382	250,382
Total Expenses by Function	<u>3,314,179</u>	<u>837,399</u>	<u>339,589</u>	<u>1,176,988</u>	<u>250,382</u>	<u>4,741,549</u>
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250,382)</u>	<u>(250,382)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,314,179</u>	<u>\$ 837,399</u>	<u>\$ 339,589</u>	<u>\$ 1,176,988</u>	<u>\$ -</u>	<u>\$ 4,491,167</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
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	\$ 904,193	\$ -	\$ -	\$ -	\$ -	\$ 904,193
Salaries, Taxes, and Benefits	314,894	577,305	157,447	734,752	-	1,049,646
Printing, Subscriptions, and Publications	5,084	27,244	1,047	28,291	-	33,375
Professional Fees	1,275	3,541	55,001	58,542	-	59,817
Rent and Utilities	15,871	29,097	8,137	37,234	-	53,105
Postage and Delivery	4,008	5,841	649	6,490	-	10,498
Travel	1,684	14,544	68	14,612	-	16,296
Meetings and Conferences	1,694	25,756	1,263	27,019	-	28,713
Office Supplies	13,755	5,143	1,516	6,659	-	20,414
Communications	3,354	6,150	1,805	7,955	-	11,309
Advertising and Media (Cash)	-	15,071	-	15,071	-	15,071
Advertising and Media (In-Kind)	-	3,000	-	3,000	-	3,000
Repairs and Maintenance	161	295	148	443	-	604
Membership Dues	-	31	313	344	-	344
National Partnership Dues	211,020	38,101	43,963	82,064	-	293,084
Miscellaneous	3,400	53,248	13,560	66,808	-	70,208
Depreciation and Amortization	6,701	12,285	3,351	15,636	-	22,337
Special Event - Direct Donor Benefits	-	-	-	-	123,582	123,582
Total Expenses by Function	<u>1,487,094</u>	<u>816,652</u>	<u>288,268</u>	<u>1,104,920</u>	<u>123,582</u>	<u>2,715,596</u>
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(123,582)</u>	<u>(123,582)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,487,094</u>	<u>\$ 816,652</u>	<u>\$ 288,268</u>	<u>\$ 1,104,920</u>	<u>\$ -</u>	<u>\$ 2,592,014</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,062,796	\$ 1,292,486
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	21,375	22,337
Forgiveness of Paycheck Protection Program Loan	(192,917)	(213,840)
Forgiveness of Economic Injury Disaster Loan	-	(10,000)
Contributed Property and Equipment and Inventory	2,291	(17,822)
(Increase) Decrease in Assets:		
Contributions Receivable	(490,442)	(23,292)
Due from Related Entities	106,435	(141,891)
Prepaid Expenses	(87,763)	(7,889)
Other Assets	(5,679)	1,076
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	118,271	64,072
Due to Related Entities	45,099	4,558
Other Liabilities	(42,415)	9,775
Deferred Rent	(8,344)	20,040
Net Cash Provided by Operating Activities	528,707	999,610
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(14,508)	(4,622)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection Program	-	192,917
 NET INCREASE IN CASH AND CASH EQUIVALENTS	514,199	1,187,905
Cash and Cash Equivalents - Beginning of Year	3,079,955	1,892,050
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,594,154	\$ 3,079,955
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Contributed Property and Inventory	\$ 2,291	\$ 17,822

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of South Carolina, Inc. (the Foundation) is a South Carolina 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 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.

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. 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.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

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, and other income.

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was approximately \$250,400 and \$123,500 for the years ended August 31, 2022 and 2021, respectively. 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.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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:

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2022</u>				
Wish Related	\$ 846,050	\$ -	\$ -	\$ 846,050
Other	20,565	5,897	5,643	32,105
Total	<u>\$ 866,615</u>	<u>\$ 5,897</u>	<u>\$ 5,643</u>	878,155
Internal Special Events				13,732
Contributions Receivable, Net Change				485,743
Other Assets, Net Change				(7,291)
Property and Equipment				5,000
Total				<u>\$ 1,375,339</u>
	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2021</u>				
Wish Related	\$ 216,237	\$ -	\$ -	\$ 216,237
Advertising and Media	-	3,000	-	3,000
Other	2,905	573	11,164	14,642
Total	<u>\$ 219,142</u>	<u>\$ 3,573</u>	<u>\$ 11,164</u>	233,879
Internal Special Events				6,294
Contributions Receivable, Net Change				30,294
Other Assets, Net Change				17,822
Total				<u>\$ 288,289</u>

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Wish related in-kinds consist of donated travel, goods and other services used in the delivery of wishes. The Foundation estimates the fair value of wish related in-kinds on the basis of estimates of the current market rates for similar travel, goods and other services in the Foundation's market. Professional services are valued and reported at the estimated fair value based on current rates for similar services. Donated rent is valued and reported at the estimated fair value on the basis of comparable lease agreements in the Foundation's market.

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. The Foundation estimates the fair value of these donated items based on the current market rates for similar items in the Foundation's market. The Foundation receives auction items to be sold at its special events. Contributed auction items are valued at the gross selling price received and the value is included in internal special event revenue on the statement of activities. The amount of auction items received and sold during the years ended August 31, 2022 and 2021 totaled \$122,468 and \$35,202, respectively.

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.

In-kind contributions related to wish granting are restricted to be used in granting wishes. In-kind contributions related to special events are restricted for use at those events. No other in-kind contributions were received with donor restrictions.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 33-56-60 of the South Carolina Solicitation of Charitable Funds. 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, 2022 and 2021. The Foundation files income tax returns in the U.S. federal jurisdiction, and applicable state jurisdictions.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

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 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.

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 \$16,688 and \$25,032, respectively, at August 31, 2022 and 2021.

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.

Adoption of Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires that contributed nonfinancial assets are reported on a separate line item in the statements of activities, apart from contributions of cash and other financial assets. It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets along with additional qualitative information about the monetization of such assets, donor restrictions and valuation techniques. The adoption of this standard did not have any significant impact on the accompanying financial statements or disclosures.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Pronouncement Not Yet Effective

In February 2016, FASB issued ASU 2016-02, *Leases*. This accounting standard requires organizations that lease assets to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its statement of financial position. This accounting standard will also require additional disclosures about the amount, timing and uncertainty of cash flows arising from leases. This accounting standard is effective for the Foundation as of fiscal year 2023. Management is currently evaluating the impact of adopting this accounting standard.

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.

	2022	2021
Total Financial Assets	\$ 4,218,761	\$ 3,320,555
Donor-Imposed Restrictions:		
Restricted Funds	(520,736)	(203,775)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 3,698,025	\$ 3,116,780

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

NOTE 4 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2022 and 2021 were \$520,736 and \$30,294, respectively, which are due from ten and one donors, respectively. All contributions receivable are due within the next 12 months. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2022 and 2021.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
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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, 2022 and 2021, respectively, the Foundation received \$731,964 and \$897,419 from these national revenue streams.

As part of the National Organization’s Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation received \$28,665 and \$150,000 during the years ended August 31, 2022 and 2021, respectively.

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 \$381,659 and \$385,047 were paid from the Foundation to the National Organization during the years ended August 31, 2022 and 2021, 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 \$10,800 and \$3,500, respectively, for the years ended August 31, 2022 and 2021, 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:

	2022	2021
Due from National Organization	\$ 88,221	\$ 197,915
Due from Other Chapters	15,650	12,391
Total Due from Related Entities	<u>\$ 103,871</u>	<u>\$ 210,306</u>
Due to National Organization	\$ 4,705	\$ 2,629
Due to Other Chapters	48,874	5,851
Total Due to Related Entities	<u>\$ 53,579</u>	<u>\$ 8,480</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.

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NOTE 5 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

During the years ended August 31, 2022 and 2021, the Foundation received contributions, both cash and in-kind, from board members totaling \$78,459 and \$199,281, respectively. At August 31, 2022 and 2021, amounts due from board members totaled \$1,268 and \$-0-, respectively, and are included in contributions receivable in the accompanying statements of financial position. Amounts paid to related parties for goods and services used in the Foundation's operations totaled \$69,686 and \$1,223 for the years ended August 31, 2022 and 2021, respectively.

NOTE 6 PROPERTY AND EQUIPMENT, NET

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

	<u>2022</u>	<u>2021</u>
Computer Equipment and Software	\$ 63,937	\$ 52,523
Other Equipment	34,020	29,020
Leasehold Improvements	<u>98,260</u>	<u>98,260</u>
Total	196,217	179,803
Less: Accumulated Depreciation and Amortization	<u>(160,784)</u>	<u>(142,503)</u>
Property and Equipment, Net	<u>\$ 35,433</u>	<u>\$ 37,300</u>

Depreciation and amortization expense totaled \$21,375 and \$22,337, respectively, for the years ended August 31, 2022 and 2021.

NOTE 7 LEASES

The Foundation is obligated under an operating lease for their office, which expires August 31, 2024. Total rent expense for the operating lease totaled \$48,423 for both of the years ended August 31, 2022 and 2021.

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>
2023	\$ 56,768
2024	<u>56,768</u>
Total Minimum Lease Payments	<u>\$ 113,536</u>

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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:

	2022	2021
Subject to Expenditure for Specified Purpose:		
Unconditional Promise to Give	\$ 516,037	\$ 30,294
Grants and Contributions	-	23,481
Total	516,037	53,775
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors but Which are Unavailable for Expenditure Until Due	4,699	150,000
Total Donor-Restricted Net Assets	\$ 520,736	\$ 203,775

NOTE 9 RETIREMENT PLAN

The Foundation offers a Simplified Employee Pension Plan (the Plan). Employees are eligible for participation in the Plan upon completion of two years of service. Under the provisions of the Plan, the Foundation will contribute 5% of each eligible employee's salary. Foundation contributions to the Plan for the years ended August 31, 2022 and 2021 were \$44,003 and \$37,659, respectively.

NOTE 10 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 11 LITIGATION AND CLAIMS

The Foundation is periodically involved in litigation and claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position, change in net assets, or liquidity.

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NOTE 12 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the years ended August 31, 2022 and 2021, the Foundation granted 222 and 103 wishes, respectively. As of August 31, 2022 and 2021, respectively, there were approximately 437 and 472 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2022 was \$7,281 in cash and \$6,155 in in-kind for a total cost of \$13,436. The average cost of a wish for the year ended August 31, 2021 was \$6,648 in cash and \$2,234 in in-kind for a total cost of \$8,881.

NOTE 13 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 (NMAC), 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 September 15, 2021, in consultation with the NMAC, the pause on domestic travel to large gatherings was lifted, if travel occurred by automobile. The pause on airline travel was lifted December 1, 2021 with a graduated approach with full domestic travel resuming June of 2022. International and cruise wish travel is still paused as of August 31, 2022. Prior to fiscal year 2020, travel wishes have been approximately 78% of wishes granted and the number of granted wishes averaged approximately 200. The number of wishes during the years ended August 31, 2022 and 2021 was 222 and 103, respectively.

The Foundation continues to evaluate all expenses and fundraising efforts in light of the impact of COVID-19.

NOTE 14 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$213,840 loan under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (SBA). The loan was received on April 19, 2020. The loan accrues interest at 1%, but payments are not required to begin for 10 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 \$213,840 on March 1, 2021.

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NOTE 14 PAYCHECK PROTECTION PROGRAM (CONTINUED)

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$192,917 loan. The loan was received on February 12, 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 SBA. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation received forgiveness of \$192,917 on February 9, 2022.

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 15 EMPLOYEE RETENTION CREDIT

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During the year ended August 31, 2022 the Foundation applied for Employee Retention Credit (ERC) grant funding from the Internal Revenue Service. The Foundation recognized \$173,541 of grant revenue related to performance requirements being met in compliance with the program during the year ended August 31, 2022.

Eligibility and conditions for the ERC program may be audited by the Internal Revenue Service. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; management is of the opinion that any audit will not have a material adverse impact on the Foundation's financial position.

NOTE 16 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through February 24, 2023, the date at which the financial statements were available to be issued.



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