

**MAKE-A-WISH FOUNDATION OF CENTRAL AND
WESTERN NORTH CAROLINA, INC.**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2021 AND 2020



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MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation of Central and Western North Carolina, Inc.
Charlotte, North Carolina

We have audited the accompanying financial statements of Make-A-Wish Foundation of Central and Western North Carolina, Inc., 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 Central and Western North Carolina, Inc.

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 Central and Western North Carolina, Inc. as of August 31, 2021 and 2020, and the 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

Greenbelt, Maryland
March 10, 2022

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 2,309,007	\$ 1,594,323
Investments	3,147,382	2,631,464
Due from Related Entities	63,401	99,710
Prepaid Expenses	156,048	141,473
Contributions Receivable, Net	344,573	561,095
Other Assets	103,284	74,021
Property and Equipment, Net	2,027,512	2,098,063
Total Assets	\$ 8,151,207	\$ 7,200,149
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 286,676	\$ 196,013
Due to Related Entities	19,593	1,367
Deferred Revenue	57,343	45,866
Capital Lease Obligations	21,576	30,135
Paycheck Protection Program	282,600	275,000
Notes Payable	1,374,522	1,473,594
Total Liabilities	2,042,310	2,021,975
NET ASSETS		
Without Donor Restrictions	5,746,851	4,613,958
With Donor Restrictions	362,046	564,216
Total Net Assets	6,108,897	5,178,174
Total Liabilities and Net Assets	\$ 8,151,207	\$ 7,200,149

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH 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	\$ 1,977,796	\$ 14,046	\$ 1,991,842
Grants	433,295	6,000	439,295
Total Public Support	2,411,091	20,046	2,431,137
Internal Special Events	1,100,811	-	1,100,811
Less: Costs of Direct Benefits to Donors	(105,668)	-	(105,668)
Total Internal Special Events	995,143	-	995,143
Investment Income, Net	522,683	-	522,683
Forgiveness of Paycheck Protection Program Loan	275,000	-	275,000
Other Income	13,716	-	13,716
Net Assets Released from Restrictions	222,216	(222,216)	-
Total Revenues, Gains, and Other Support	4,439,849	(202,170)	4,237,679
EXPENSES			
Program Services:			
Wish Granting	2,172,394	-	2,172,394
Total Program Services	2,172,394	-	2,172,394
Support Services:			
Fundraising	685,185	-	685,185
Management and General	449,377	-	449,377
Total Support Services	1,134,562	-	1,134,562
Total Expenses	3,306,956	-	3,306,956
CHANGE IN NET ASSETS	1,132,893	(202,170)	930,723
Net Assets - Beginning of Year	4,613,958	564,216	5,178,174
NET ASSETS - END OF YEAR	\$ 5,746,851	\$ 362,046	\$ 6,108,897

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 2,393,654	\$ 36,243	\$ 2,429,897
Grants	411,894	9,204	421,098
Total Public Support	2,805,548	45,447	2,850,995
Internal Special Events	1,564,493	-	1,564,493
Less: Costs of Direct Benefits to Donors	(372,441)	-	(372,441)
Total Internal Special Events	1,192,052	-	1,192,052
Investment Income, Net	269,546	-	269,546
Other Income	18,571	-	18,571
Net Assets Released from Restrictions	940,733	(940,733)	-
	5,226,450	(895,286)	4,331,164
EXPENSES			
Program Services:			
Wish Granting	3,109,048	-	3,109,048
Total Program Services	3,109,048	-	3,109,048
Support Services:			
Fundraising	970,305	-	970,305
Management and General	490,215	-	490,215
Total Support Services	1,460,520	-	1,460,520
Total Expenses and Losses	4,569,568	-	4,569,568
CHANGE IN NET ASSETS	656,882	(895,286)	(238,404)
Net Assets - Beginning of Year	3,957,076	1,459,502	5,416,578
NET ASSETS - END OF YEAR	\$ 4,613,958	\$ 564,216	\$ 5,178,174

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021

	Support Services				Total
	Program Services	Fundraising	Management and General	Support Services	
	Wish Granting	Fundraising	Management and General	Support Services	Total
Direct Costs of Wishes	\$ 1,257,608	-	-	-	\$ 1,257,608
Salaries, Taxes, and Benefits	581,188	507,357	264,174	771,531	1,352,719
Printing, Subscriptions, and Publications	675	12,785	139	12,924	13,599
Professional Fees	4,207	3,255	84,999	88,254	92,461
Rent and Utilities	22,425	20,743	12,894	33,637	56,062
Postage and Delivery	42	883	1,020	1,903	1,945
Travel	162	467	26	493	655
Meetings and Conferences	8	424	-	424	432
Office Supplies	5,803	1,703	839	2,542	8,345
Communications	6,883	6,367	3,958	10,325	17,208
Advertising and Media (Cash)	-	11,466	-	11,466	11,466
Repairs and Maintenance	183	168	104	272	455
Insurance	53	50	31	81	134
Bad Debt Expense	-	529	-	529	529
National Partnership Dues	238,319	43,030	49,650	92,680	330,999
Miscellaneous	26,059	49,337	14,994	64,331	90,390
Depreciation and Amortization	28,779	26,621	16,549	43,170	71,949
Special Event - Direct Donor Benefits	-	-	-	-	105,668
Total	<u>2,172,394</u>	<u>685,185</u>	<u>449,377</u>	<u>1,134,562</u>	<u>3,412,624</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	-	-	-	(105,668)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,172,394</u>	<u>\$ 685,185</u>	<u>\$ 449,377</u>	<u>\$ 1,134,562</u>	<u>\$ 3,306,956</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2020**

Program Services	Support Services				Total
	Total Support Services				
	Wish Granting	Fundraising	Management and General	Support Services	
Direct Costs of Wishes	\$ 2,047,419	-	-	-	-
Salaries, Taxes, and Benefits	671,771	614,240	298,789	913,029	-
Printing, Subscriptions, and Publications	5,671	8,659	394	9,053	-
Professional Fees	4,323	2,609	112,263	114,872	-
Rent and Utilities	26,954	20,215	8,984	29,199	-
Postage and Delivery	898	903	161	1,064	-
Travel	4,467	4,000	1,111	5,111	-
Meetings and Conferences	5,394	44,222	2,461	46,683	-
Office Supplies	7,734	6,380	2,515	8,895	-
Communications	7,696	5,801	2,565	8,366	-
Advertising and Media (Cash)	-	22,767	-	22,767	-
Advertising and Media (In-Kind)	-	88,198	-	88,198	-
Repairs and Maintenance	223	168	75	243	-
National Partnership Dues	251,558	31,843	35,027	66,870	-
Miscellaneous	40,343	94,353	14,338	108,691	-
Depreciation and Amortization	34,597	25,947	11,532	37,479	-
Special Event Expenses	-	-	-	-	372,441
Total	3,109,048	970,305	490,215	1,460,520	372,441
Less: Expenses Netted Against Revenues on the Statement of Activities:	-	-	-	-	(372,441)
Special Event Expenses	-	-	-	-	-
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 3,109,048	\$ 970,305	\$ 490,215	\$ 1,460,520	\$ -
	-	-	-	-	(372,441)
	-	-	-	-	-
	\$ 2,047,419	-	-	-	-
	1,584,800	-	-	-	-
	14,724	-	-	-	-
	119,195	-	-	-	-
	56,153	-	-	-	-
	1,962	-	-	-	-
	9,578	-	-	-	-
	52,077	-	-	-	-
	16,629	-	-	-	-
	16,062	-	-	-	-
	22,767	-	-	-	-
	88,198	-	-	-	-
	466	-	-	-	-
	318,428	-	-	-	-
	149,034	-	-	-	-
	72,076	-	-	-	-
	372,441	-	-	-	-
	4,942,009	-	-	-	-

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 930,723	\$ (238,404)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	71,949	72,076
Forgiveness of Paycheck Protection Program Loan	(275,000)	-
Bad Debt Expense and Other	529	-
Net Realized and Unrealized (Gain) Loss on Investments	(520,031)	(252,018)
Loss on Sale of Property and Equipment	-	679
Contributed Property and Equipment and Inventory	(14,263)	(14,340)
Change in Discount to Present Value of Contributions Receivable	23,223	-
(Increase) Decrease in Assets:		
Contributions Receivable	192,770	614,768
Due from Related Entities	36,309	(18,461)
Prepaid Expenses	(14,575)	83,544
Other Assets	(15,000)	4,162
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	90,663	(92,683)
Due to Related Entities	18,226	(34,157)
Deferred Revenue	11,477	26,278
Net Cash Provided by Operating Activities	537,000	151,444
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(121,413)	(533,136)
Proceeds from Sales of Investments	125,526	520,920
Purchases of Property and Equipment	(1,398)	(9,363)
Net Cash Provided (Used) by Investing Activities	2,715	(21,579)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(8,559)	(8,120)
Principal Payments on Notes Payable	(99,072)	(85,939)
Proceeds from Paycheck Protection Program Loan	282,600	275,000
Net Cash Provided by Financing Activities	174,969	180,941
NET INCREASE IN CASH AND CASH EQUIVALENTS	714,684	310,806
Cash and Cash Equivalents - Beginning of Year	1,594,323	1,283,517
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,309,007	\$ 1,594,323
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 49,226	\$ 61,309
Contributed Property and Equipment and Inventory	\$ 14,263	\$ 14,340

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 1 ORGANIZATION

Make-A-Wish Foundation of Central and Western North Carolina, Inc. (the Foundation) is a North 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. In addition, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions or law.

The Foundation's investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that those changes in the values of investments will occur in the near term and that such changes could be material to the amounts reported in the statements of financial position.

Contributions Receivable

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions receivable are discounted using fair value rates and contributions are written off when deemed uncollectible.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
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 \$1,000 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 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(s). 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.

See additional information in Note 4.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
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 \$106,000 for the year ended August 31, 2021. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met which is the occurrence of the event.

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

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Conditional promises to give are not recognized as contribution revenue and receivables until the conditions have been substantially met. There were no conditional promises outstanding for the years ended August 31, 2021 and 2020.

Contributions of assets other than cash are recorded at the 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, 2021</u>				
Wish Related	\$ 268,472	\$ -	\$ -	\$ 268,472
Rent	13,216	12,224	7,599	33,039
Other	5,009	1,461	581	7,051
Total	<u>\$ 286,697</u>	<u>\$ 13,685</u>	<u>\$ 8,180</u>	308,562
Special Events				24,724
Contributions Receivable, Net Change				15,134
Other Assets, Net Change				14,263
Total				<u>\$ 362,683</u>
<u>August 31, 2020</u>				
Wish Related	\$ 570,569	\$ -	\$ -	\$ 570,569
Professional Services	-	-	1,800	1,800
Rent	16,946	12,709	5,649	35,304
Advertising and Media	-	88,198	-	88,198
Other	7,207	63,982	1,639	72,828
Total	<u>\$ 594,722</u>	<u>\$ 164,889</u>	<u>\$ 9,088</u>	768,699
Special Events				70,622
Inventory (Asset)				14,340
Total				<u>\$ 853,661</u>

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

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

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Donated advertising and media is reported as contribution revenue and fundraising or public information 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 North Carolina income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 55A of the General Statutes of North Carolina. 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. During the fiscal year ended August 31, 2021, the Foundation incurred no significant joint costs for activities that include fundraising appeals.

Management and General

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

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

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates

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

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 for 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 to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

Total Financial Assets	<u>\$ 5,864,363</u>	<u>\$ 4,886,592</u>
Donor Imposed Restrictions:		
Restricted Funds	<u>(362,046)</u>	<u>(564,216)</u>
Net Financial Assets after Donor-Imposed Restrictions	<u>\$ 5,502,317</u>	<u>\$ 4,322,376</u>

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NOTES TO FINANCIAL STATEMENTS
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NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

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.

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

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

Overall Investment Objective

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Foundation diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the board of directors, 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>					
Investments:					
Mutual Funds	\$ 925,379	\$ -	\$ -	\$ -	\$ 925,379
Equity Securities	1,983,239	-	-	-	1,983,239
Real Estate Investment Trust	78,049	-	-	-	78,049
Cash	-	-	-	160,715	160,715
Total	<u>\$ 2,986,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,715</u>	<u>\$ 3,147,382</u>
<u>August 31, 2020</u>					
Investments:					
Mutual Funds	\$ 942,467	\$ -	\$ -	\$ -	\$ 942,467
Equity Securities	1,434,139	-	-	-	1,434,139
Real Estate Investment Trust	8,890	-	-	-	8,890
Cash	-	-	-	245,968	245,968
Total	<u>\$ 2,385,496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,968</u>	<u>\$ 2,631,464</u>

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at a rate of 1.92% at August 31, 2021 and rates ranging from 3.9% to 5.1% at August 31, 2020. The following is a summary of the Foundation's contributions receivable August 31:

	2021	2020
Total Amounts Due in:		
Within One Year	\$ 206,134	\$ 445,879
One to Five Years	121,000	121,000
More than Five Years	25,000	25,000
Gross Contributions Receivable	352,134	591,879
Less: Discount to Present Value	(7,561)	(30,784)
Contributions Receivable, Net	<u>\$ 344,573</u>	<u>\$ 561,095</u>

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
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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 \$835,870 and \$691,948 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. Amount totaling \$413,238 and \$487,876 was 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 \$-0- and \$750, 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:

	<u>2021</u>	<u>2020</u>
Due from National Organization	\$ 63,401	\$ 98,939
Due from Other Chapters	-	771
Total Due from Related Entities	<u>\$ 63,401</u>	<u>\$ 99,710</u>
Due to National Organization	\$ 1,901	\$ -
Due to Other Chapters	17,692	1,367
Total Due to Related Entities	<u>\$ 19,593</u>	<u>\$ 1,367</u>

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

During the years ended August 31, 2021 and 2020 the Foundation received contributions, both cash and in-kind, from board members totaling \$76,209 and \$70,404, respectively. At August 31, 2021 and 2020, amounts due from board members totaled \$2,000 and \$103,050, respectively, and are included in contributions receivable in the accompanying statements of financial position. No amounts were paid to related parties for goods and services used in the Foundation’s operations in 2021 and 2020.

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NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2021	2020
Computer Equipment and Software	\$ 54,011	52,612
Other Equipment	121,749	121,749
Land and Land Improvements	340,000	340,000
Buildings and Building Improvements	1,754,675	1,754,675
Total	2,270,435	2,269,036
Less: Accumulated Depreciation and Amortization	(242,923)	(170,973)
Property and Equipment, Net	<u>\$ 2,027,512</u>	<u>\$ 2,098,063</u>

Depreciation and amortization expense totaled \$71,949 and \$72,076, respectively, for the years ended August 31, 2021 and 2020.

NOTE 8 NOTES PAYABLE

On July 31, 2018, the Foundation entered into a note payable with a financial institution totaling \$1,649,000. On January 31, 2021, the Foundation refinanced the note payable with the financial institution totaling \$1,436,861. The note bears interest at 2.75%, requires principal payments in equal monthly installments of \$12,120, and matures on October 28, 2025, at which time the final balloon payment is due. The collateral on this note is commercial property the Foundation purchased during fiscal year 2019. The remaining principal payments subsequent to August 31, 2021, are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2022	\$ 108,494
2023	111,558
2024	114,624
2025	117,946
2026	921,900
Total	<u>\$ 1,374,522</u>

NOTE 9 LEASES

The Foundation is obligated under various capital and operating leases for equipment, which expire at various dates through September 2024. As of August 31, 2021 and 2020, the cost of leased equipment under capital leases was \$45,887 and accumulated depreciation was \$26,261 and \$17,083, respectively.

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NOTE 9 LEASES (CONTINUED)

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

<u>Year Ending August 31,</u>	<u>Capital Leases</u>
2022	\$ 10,046
2023	7,401
2024	5,512
Total Minimum Lease Payments	22,959
Less: Amounts Representing Interest	(1,383)
Present Value of Net Minimum Lease Payments	<u>\$ 21,576</u>

NOTE 10 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	\$ 27,607	\$ -
Wish House	-	382,000
Database Cleanup	5,000	5,000
Total	<u>32,607</u>	<u>387,000</u>
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	<u>329,439</u>	<u>177,216</u>
Total Donor-Restricted Net Assets	<u>\$ 362,046</u>	<u>\$ 564,216</u>

NOTE 11 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code limitations. The Foundation matches employee contributions up to 4% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2021 and 2020 were \$24,660 and \$20,031, respectively.

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NOTE 12 CONCENTRATIONS OF CREDIT RISK

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

NOTE 13 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 14 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal years ended August 31, 2021 and 2020, the Foundation granted 227 and 238 wishes, respectively. As of August 31, 2021 and 2020, respectively, there were approximately 520 and 510 wish children who are eligible for a wish. The average cost of a wish for the fiscal year ended August 31, 2021 was \$4,182 in cash and \$1,368 in in-kind for a total cost of \$5,550. The average cost of a wish for the year ended August 31, 2020 was \$5,357 in cash and \$4,733 in in-kind for a total cost of \$10,090.

NOTE 15 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 or fiscal year 2020, travel wishes have been approximately 80% of wishes granted and the number of granted wishes averaged approximately 371. The number of wishes granted during the years ended August 31, 2021 and 2020 was 227 and 238, 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 16 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$275,000 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 1, 2020. The loan accrued 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 \$275,000 on November 4, 2020.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$282,600 loan. The loan was received on March 22, 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 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 17 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.