

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2021 AND 2020



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**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
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YEARS ENDED AUGUST 31, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Philadelphia, Delaware and Susquehanna Valley
Blue Bell, Pennsylvania

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Philadelphia, Delaware and Susquehanna Valley 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 of material misstatement.

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

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

Board of Directors
Make-A-Wish Foundation® of Philadelphia, Delaware and Susquehanna Valley

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 Philadelphia, Delaware and Susquehanna Valley 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 21, 2022

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2021 AND 2020**

ASSETS	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 1,017,322	\$ 938,732
Investments	2,492,954	1,729,594
Due from Related Entities	59,709	53,308
Prepaid Expenses	151,085	186,314
Contributions Receivable, Net	65,050	89,084
Other Assets	14,827	5,742
Property and Equipment, Net	<u>155,274</u>	<u>203,768</u>
Total Assets	<u>\$ 3,956,221</u>	<u>\$ 3,206,542</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 331,169	\$ 130,667
Due to Related Entities	744	3,962
Deferred Lease Incentive	99,929	126,003
Deferred Rent	53,513	62,520
Paycheck Protection Program	304,000	304,000
Notes Payable	<u>-</u>	<u>35,500</u>
Total Liabilities	789,355	662,652
NET ASSETS		
Without Donor Restriction	3,118,032	2,540,614
With Donor Restriction	<u>48,834</u>	<u>3,276</u>
Total Net Assets	<u>3,166,866</u>	<u>2,543,890</u>
Total Liabilities and Net Assets	<u>\$ 3,956,221</u>	<u>\$ 3,206,542</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021**

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 2,767,895	\$ 2,357	\$ 2,770,252
Grants	311,611	45,000	356,611
Total Public Support	3,079,506	47,357	3,126,863
Internal Special Events	652,458	-	652,458
Less: Costs of Direct Benefits to Donors	(8,480)	-	(8,480)
Total Internal Special Events	643,978	-	643,978
Investment Income, Net	13,194	971	14,165
Forgiveness of Paycheck Protection Program Loan	304,000	-	304,000
Other Income	350	-	350
Net Assets Released from Restrictions	2,770	(2,770)	-
Total Revenues, Gains, and Other Support	4,043,798	45,558	4,089,356
EXPENSES			
Program Services:			
Wish Granting	2,284,374	-	2,284,374
Total Program Services	2,284,374	-	2,284,374
Support Services:			
Fundraising	526,704	-	526,704
Management and General	655,302	-	655,302
Total Support Services	1,182,006	-	1,182,006
Total Expenses	3,466,380	-	3,466,380
CHANGE IN NET ASSETS	577,418	45,558	622,976
Net Assets - Beginning of Year	2,540,614	3,276	2,543,890
NET ASSETS - END OF YEAR	\$ 3,118,032	\$ 48,834	\$ 3,166,866

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2020**

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 3,741,970	\$ 506	\$ 3,742,476
Grants	377,079	-	377,079
Total Public Support	4,119,049	506	4,119,555
Internal Special Events	436,205	-	436,205
Less: Costs of Direct Benefits to Donors	(25,374)	-	(25,374)
Total Internal Special Events	410,831	-	410,831
Investment Income, Net	35,195	-	35,195
Other Income	4,200	-	4,200
Net Assets Released from Restrictions	259,508	(259,508)	-
Total Revenues, Gains, and Other Support	4,828,783	(259,002)	4,569,781
EXPENSES			
Program Services:			
Wish Granting	3,448,607	-	3,448,607
Total Program Services	3,448,607	-	3,448,607
Support Services:			
Fundraising	604,901	-	604,901
Management and General	644,391	-	644,391
Total Support Services	1,249,292	-	1,249,292
Total Expenses	4,697,899	-	4,697,899
CHANGE IN NET ASSETS	130,884	(259,002)	(128,118)
Net Assets - Beginning of Year	2,409,730	262,278	2,672,008
NET ASSETS - END OF YEAR	\$ 2,540,614	\$ 3,276	\$ 2,543,890

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
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	\$ 1,137,866	\$ -	\$ -	\$ -	\$ -	\$ 1,137,866
Salaries, Taxes, and Benefits	780,020	405,326	458,971	864,297	-	1,644,317
Printing, Subscriptions, and Publications	3,536	9,210	1,704	10,914	-	14,450
Professional Fees	256	579	74,621	75,200	-	75,456
Rent and Utilities	52,781	27,197	30,919	58,116	-	110,897
Postage and Delivery	2,120	2,296	966	3,262	-	5,382
Travel	1,137	2,298	762	3,060	-	4,197
Meetings and Conferences	1,350	2,022	795	2,817	-	4,167
Office Supplies	2,021	1,156	1,020	2,176	-	4,197
Communications	6,216	3,207	3,637	6,844	-	13,060
Advertising and Media (Cash)	-	285	-	285	-	285
Repairs and Maintenance	2,500	1,295	1,469	2,764	-	5,264
National Partnership Dues	243,983	44,053	50,830	94,883	-	338,866
Miscellaneous	23,853	13,889	13,878	27,767	-	51,620
Depreciation and Amortization	26,735	13,891	15,730	29,621	-	56,356
Special Event - Direct Donor Benefits	-	-	-	-	8,480	8,480
	<u>2,284,374</u>	<u>526,704</u>	<u>655,302</u>	<u>1,182,006</u>	<u>8,480</u>	<u>3,474,860</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(8,480)	(8,480)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,480)</u>	<u>(8,480)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,284,374</u>	<u>\$ 526,704</u>	<u>\$ 655,302</u>	<u>\$ 1,182,006</u>	<u>\$ -</u>	<u>\$ 3,466,380</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2020**

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 2,071,748	\$ -	\$ -	\$ -	\$ -	\$ 2,071,748
Salaries, Taxes, and Benefits	868,901	446,365	508,150	954,515	-	1,823,416
Printing, Subscriptions, and Publications	4,732	12,450	1,129	13,579	-	18,311
Professional Fees	9,173	717	5,965	6,682	-	15,855
Rent and Utilities	56,959	28,417	32,521	60,938	-	117,897
Postage and Delivery	2,651	2,502	1,235	3,737	-	6,388
Travel	12,969	10,742	3,447	14,189	-	27,158
Meetings and Conferences	9,751	8,108	2,054	10,162	-	19,913
Office Supplies	10,157	4,367	3,621	7,988	-	18,145
Communications	39,110	19,864	22,419	42,283	-	81,393
Advertising and Media (In-Kind)	-	1,500	-	1,500	-	1,500
Repairs and Maintenance	3,969	1,540	2,198	3,738	-	7,707
Membership Dues	1,425	355	404	759	-	2,184
National Partnership Dues	314,427	43,781	39,801	83,582	-	398,009
Miscellaneous	17,350	11,101	6,578	17,679	-	35,029
Depreciation and Amortization	25,285	13,092	14,869	27,961	-	53,246
Special Event - Direct Donor Benefits	-	-	-	-	25,374	-
Total Expenses by Function	<u>3,448,607</u>	<u>604,901</u>	<u>644,391</u>	<u>1,249,292</u>	<u>25,374</u>	<u>4,697,899</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(25,374)	-
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,448,607</u>	<u>\$ 604,901</u>	<u>\$ 644,391</u>	<u>\$ 1,249,292</u>	<u>\$ -</u>	<u>\$ 4,697,899</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 622,976	\$ (128,118)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	56,356	53,246
Net Realized and Unrealized (Gains) Losses on Investments	5,079	(2,654)
Forgiveness of Paycheck Protection Program Loan	(304,000)	-
Contribution of Other Assets	(9,085)	-
(Increase) Decrease in Assets:		
Contributions Receivable	24,034	461,936
Due from Related Entities	(6,401)	43,261
Prepaid Expenses	35,229	(58,152)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	200,502	(76,267)
Due to Related Entities	(3,218)	1,580
Deferred Lease Incentive	(26,074)	(26,064)
Deferred Rent	(9,007)	31,260
Net Cash Provided by Operating Activities	586,391	300,028
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,004,639)	(926,408)
Proceeds from Sales of Investments	236,200	893,980
Purchases of Property and Equipment	(7,862)	(9,123)
Net Cash Used by Investing Activities	(776,301)	(41,551)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program	304,000	304,000
Principal Payments on Notes Payable	(35,500)	(4,733)
Net Cash Provided by Financing Activities	268,500	299,267
NET INCREASE IN CASH AND CASH EQUIVALENTS	78,590	557,744
Cash and Cash Equivalents - Beginning of Year	938,732	380,988
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,017,322	\$ 938,732
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Contributed Other Assets	\$ 9,085	\$ -
Cash Paid for Interest	\$ 3,240	\$ -

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Philadelphia, Delaware and Susquehanna Valley (the Foundation) is a Pennsylvania 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.

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 net assets unless its use is limited by donor-imposed restrictions or law.

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 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 five to ten 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 PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

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.

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.

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.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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 net 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 \$8,500 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.

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.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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	\$ 109,034	\$ -	\$ -	\$ 109,034
Other	1,124	582	660	2,366
Total	<u>\$ 110,158</u>	<u>\$ 582</u>	<u>\$ 660</u>	111,400
Special Events				7,203
Other Assets, Net Change				9,085
Total				<u>\$ 127,688</u>
 <u>August 31, 2020</u>				
Wish Related	\$ 797,150	\$ -	\$ -	\$ 797,150
Advertising and Media	-	1,500	-	1,500
Other	24,457	-	-	24,457
Total	<u>\$ 821,607</u>	<u>\$ 1,500</u>	<u>\$ -</u>	823,107
Special Events				1,560
Total				<u>\$ 824,667</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 fund raising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes.

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

Income Taxes

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

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

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 five functions: wish granting, program-related support, public information, 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.

Financial Statement Reclassification

In preparing these financial statements, the prior year presentation has been reclassified to conform with the current year presentation. These reclassifications have no effect on the previously recorded net assets.

Deferred Lease Incentive

This represents the unamortized portion of leasehold improvements that were contributed to the Foundation by its landlord during the year ending August 31, 2019. The corresponding leasehold improvement assets are recorded in property and equipment on the accompanying statement of financial position. The unamortized deferred lease incentive was \$99,929 and \$126,003, respectively at August 31, 2021 and 2020.

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 \$53,513 and \$62,520, respectively at August 31, 2021 and 2020.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
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 U.S. GAAP requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-19, *Revenue from Contracts with Customers* (Topic 606). Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Foundation's financial statements reflect the adoption of ASU 2014-09 guidance beginning in fiscal year 2021. The adoption of 2014-09 did not impact the Foundation's reported revenue.

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	\$ 3,635,035	\$ 2,810,718
Donor Imposed Restrictions:		
Restricted Funds	<u>(48,834)</u>	<u>(3,276)</u>
Net Financial Assets after Donor-Imposed Restrictions	<u>3,586,201</u>	<u>2,807,442</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 3,586,201</u>	<u>\$ 2,807,442</u>

Financial Assets include cash and cash equivalents, investments, 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.

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NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

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

Overall Investment Objective

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

Fair Value Hierarchy

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

<u>August 31, 2021</u>	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
Investments:					
Mutual Funds	\$ 1,647,229	\$ -	\$ -	\$ -	\$ 1,647,229
Certificates of Deposit	-	98,160	-	-	98,160
Cash	-	-	-	747,565	747,565
Total Investments	<u>\$ 1,647,229</u>	<u>\$ 98,160</u>	<u>\$ -</u>	<u>\$ 747,565</u>	<u>\$ 2,492,954</u>
 <u>August 31, 2020</u>					
Investments:					
Mutual Funds	\$ 1,428,287	\$ -	\$ -	\$ -	\$ 1,428,287
Certificates of Deposit	-	301,050	-	-	301,050
Cash	-	-	-	257	257
Total Investments	<u>\$ 1,428,287</u>	<u>\$ 301,050</u>	<u>\$ -</u>	<u>\$ 257</u>	<u>\$ 1,729,594</u>

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NOTE 5 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2021 and 2020 were \$65,050 and \$89,084, 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, 2021 and 2020, respectively.

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, and other miscellaneous revenues. During the years ended August 31, 2021 and 2020, respectively, the Foundation received \$1,155,032 and \$1,207,570 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 Organizations pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$348,195 and \$398,008 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 \$350 and \$4,200, respectively, for the years ended August 31, 2021 and 2020, which is recorded in the accompanying statements of activities as other income.

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

	<u>2021</u>	<u>2020</u>
Due from National Organization	\$ 59,641	\$ 49,995
Due from Other Chapters	68	3,313
Total Due from Related Entities	<u>\$ 59,709</u>	<u>\$ 53,308</u>
Due to Other Chapters	\$ 744	\$ 3,962
Total Due to Related Entities	<u>\$ 744</u>	<u>\$ 3,962</u>

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NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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

During the years ended August 31, 2021 and 2020, the Foundation received contributions, both cash and in-kind, from board members totaling \$85,695 and \$61,390, respectively.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2021	2020
Computer Equipment and Software	\$ 93,238	\$ 85,376
Property and Equipment	137,115	137,115
Leasehold Improvements	160,755	160,755
Total	391,108	383,246
Less: Accumulated Depreciation and Amortization	(235,834)	(179,478)
Property and Equipment, Net	\$ 155,274	\$ 203,768

Depreciation and amortization expense totaled \$56,356 and \$53,246, respectively, for the years ended August 31, 2021 and 2020.

NOTE 8 NOTES PAYABLE

In April 2019, the Foundation entered into a note payable with a financial institution initially totaling \$43,549. The amount was amended in September 2019 to \$47,267. The note bears interest at 6.9%, requires payments in equal monthly installments of \$921, and matures in April 2024. The loan was paid in full during the year ended August 31, 2021.

NOTE 9 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through July 2025. Total rent expense for all operating leases for the years ended August 31, 2021 and 2020 totaled \$108,142 and \$109,374, respectively.

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NOTE 9 LEASES (CONTINUED)

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

<u>Year Ending August 31,</u>	<u>Amount</u>
2022	\$ 136,513
2023	139,876
2024	143,240
2025	134,199
Total	<u>\$ 553,828</u>

NOTE 10 NET ASSETS

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	\$ 46,477	\$ 3,276
Subject to the Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	<u>2,357</u>	<u>-</u>
Total Net Assets with Donor Restrictions	<u>\$ 48,834</u>	<u>\$ 3,276</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 year ended August 31, 2021 and 2020 were \$24,728 and \$41,329, 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 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.

Contributions totaling \$552,980 were received from a single donor for the year ended August 31, 2020, which represents 12% of raised revenue which consists of total public support and gross internal special event revenue. No donors gave contributions totaling more than 10% of total raised revenue during the year ended August 31, 2021. Should these contribution levels decrease, the Foundation may be adversely affected.

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 ending August 31, 2021 and 2020, the Foundation granted 213 and 200 wishes, respectively. As of August 31, 2021 and 2020, respectively, there were approximately 420 and 480 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2021 was \$4,230 in cash and \$433 in in-kind for a total cost of \$4,663. The average cost of a wish for the year ended August 31, 2020 was \$4,867 in cash and \$4,003 in in-kind for total cost of \$8,870.

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.

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NOTE 15 RISKS AND UNCERTAINTIES (CONTINUED)

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 82% of wishes granted and the number of granted travel wishes averaged approximately 276. The number of wishes granted during the years ended August 31, 2021 and 2020 was 213 and 200, 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 16 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$304,000 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 April 27, 2020. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation received forgiveness of \$304,000 on December 23, 2020.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$304,000 loan. The loan was received on January 19, 2021. The loan accrues interest at 1%, with the first ten months of interest deferred, has a term of five years and is unsecured and guaranteed by the Small Business Administration. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. Subsequent to year-end the loan was forgiven.

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

NOTE 17 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through March 21, 2022, the date at which the financial statements were available to be issued.

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