

**MAKE-A-WISH FOUNDATION® OF
MIDDLE TENNESSEE**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2020 AND 2019



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MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE
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YEARS ENDED AUGUST 31, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-a-Wish Foundation® of Middle Tennessee
Nashville, Tennessee

We have audited the accompanying financial statements of Make-a-Wish Foundation® of Middle Tennessee which comprise the statements of financial position as of August 31, 2020 and 2019 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 Middle Tennessee

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 Middle Tennessee as of August 31, 2020 and 2019 and 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Oak Brook, Illinois
February 10, 2021

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and Cash Equivalents	\$ 485,147	\$ 162,294
Due from Related Entities	38,718	60,024
Prepaid Expenses	17,505	37,256
Contributions Receivable, Net	34,434	230,677
Other Assets	9,249	8,183
Property and Equipment, Net	<u>50,571</u>	<u>70,315</u>
Total Assets	<u><u>\$ 635,624</u></u>	<u><u>\$ 568,749</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 68,477	\$ 127,188
Due to Related Entities	46,875	16,764
Deferred Rent	8,686	2,883
Payroll Protection Program	<u>136,370</u>	<u>-</u>
Total Liabilities	260,408	146,835
NET ASSETS		
Without Donor Restrictions	369,466	210,534
With Donor Restrictions	<u>5,750</u>	<u>211,380</u>
Total Net Assets	<u>375,216</u>	<u>421,914</u>
Total Liabilities and Net Assets	<u><u>\$ 635,624</u></u>	<u><u>\$ 568,749</u></u>

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 1,409,688	\$ -	\$ 1,409,688
Grants	177,454	2,000	179,454
Total Public Support	1,587,142	2,000	1,589,142
Internal Special Events	709,380	3,750	713,130
Less: Costs of Direct Benefits to Donors	(127,309)	-	(127,309)
Total Internal Special Events	582,071	3,750	585,821
Investment Income	768	-	768
Other Income	2,700	-	2,700
Net Assets Released from Restrictions	211,380	(211,380)	-
Total Revenues, Gains, and Other Support	2,384,061	(205,630)	2,178,431
EXPENSES			
Program Services:			
Wish Granting	1,570,148	-	1,570,148
Support Services:			
Fundraising	269,047	-	269,047
Management and General	385,934	-	385,934
Total Support Services	654,981	-	654,981
Total Expenses	2,225,129	-	2,225,129
CHANGE IN NET ASSETS	158,932	(205,630)	(46,698)
Net Assets - Beginning of Year	210,534	211,380	421,914
NET ASSETS - END OF YEAR	<u>\$ 369,466</u>	<u>\$ 5,750</u>	<u>\$ 375,216</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 1,767,612	\$ 163,880	\$ 1,931,492
Grants	220,934	35,000	255,934
Total Public Support	1,988,546	198,880	2,187,426
Internal Special Events	871,203	12,500	883,703
Less: Costs of Direct Benefits to Donors	(257,766)	-	(257,766)
Total Internal Special Events	613,437	12,500	625,937
Investment Income	876	-	876
Other Income	5,550	-	5,550
Net Assets Released from Restrictions	149,977	(149,977)	-
Total Revenues, Gains, and Other Support	2,758,386	61,403	2,819,789
EXPENSES			
Program Services:			
Wish Granting	2,126,840	-	2,126,840
Support Services:			
Fundraising	238,268	-	238,268
Management and General	398,128	-	398,128
Total Support Services	636,396	-	636,396
Total Expenses	2,763,236	-	2,763,236
CHANGE IN NET ASSETS	(4,850)	61,403	56,553
Net Assets - Beginning of Year	215,384	149,977	365,361
NET ASSETS - END OF YEAR	<u>\$ 210,534</u>	<u>\$ 211,380</u>	<u>\$ 421,914</u>

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services				
	Wish Granting Services	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	\$ 955,036	\$ -	\$ -	\$ -	\$ -	\$ 955,036
Salaries, Taxes, and Benefits	371,319	182,317	254,257	436,574	-	807,893
Printing, Subscriptions, and Publications	4,722	5,183	5,346	10,529	-	15,251
Professional Fees	1,870	900	4,875	5,775	-	7,645
Rent and Utilities	55,978	31,506	30,950	62,456	-	118,434
Postage and Delivery	8,538	1,928	2,078	4,006	-	12,544
Travel	1,006	1,704	3,190	4,894	-	5,900
Meetings and Conferences	792	2,762	3,637	6,399	-	7,191
Office Supplies	2,892	2,436	1,616	4,052	-	6,944
Communications	8,672	4,183	4,346	8,529	-	17,201
Insurance	594	328	328	656	-	1,250
Membership Dues	56	32	93	125	-	181
National Partnership Dues	143,313	23,240	27,113	50,353	-	193,666
Miscellaneous	15,360	12,528	24,908	37,436	-	52,796
Depreciation and Amortization	-	-	23,197	23,197	-	23,197
Special Event - Direct Donor Benefits	-	-	-	-	127,309	127,309
	<u>1,570,148</u>	<u>269,047</u>	<u>385,934</u>	<u>654,981</u>	<u>127,309</u>	<u>2,352,438</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(127,309)</u>	<u>(127,309)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,570,148</u>	<u>\$ 269,047</u>	<u>\$ 385,934</u>	<u>\$ 654,981</u>	<u>\$ -</u>	<u>\$ 2,225,129</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2019

	Program Services	Support Services				
	Wish Granting Services	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	\$ 1,701,759	\$ -	\$ -	\$ -	\$ -	\$ 1,701,759
Salaries, Taxes, and Benefits	270,347	162,547	262,530	425,077	-	695,424
Printing, Subscriptions, and Publications	6,971	6,392	6,099	12,491	-	19,462
Professional Fees	2,262	670	4,730	5,400	-	7,662
Rent and Utilities	43,488	21,215	23,961	45,176	-	88,664
Postage and Delivery	1,739	1,441	1,325	2,766	-	4,505
Travel	2,489	3,194	2,430	5,624	-	8,113
Meetings and Conferences	6,999	10,923	6,103	17,026	-	24,025
Office Supplies	4,771	6,975	4,269	11,244	-	16,015
Communications	7,960	3,956	4,740	8,696	-	16,656
Advertising and Media	-	1,450	-	1,450	-	1,450
Repairs and Maintenance	-	-	90	90	-	90
Insurance	697	341	380	721	-	1,418
Membership Dues	130	120	266	386	-	516
National Partnership Dues	70,652	10,260	8,521	18,781	-	89,433
Miscellaneous	6,576	8,784	57,617	66,401	-	72,977
Depreciation and Amortization	-	-	15,067	15,067	-	15,067
Special Event - Direct Donor Benefits	-	-	-	-	257,766	257,766
	<u>2,126,840</u>	<u>238,268</u>	<u>398,128</u>	<u>636,396</u>	<u>257,766</u>	<u>3,021,002</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(257,766)</u>	<u>(257,766)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,126,840</u>	<u>\$ 238,268</u>	<u>\$ 398,128</u>	<u>\$ 636,396</u>	<u>\$ -</u>	<u>\$ 2,763,236</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (46,698)	\$ 56,553
Adjustments to reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	23,197	15,067
Bad Debt Expense and Other	2,827	-
Loss on Disposal of Property and Equipment	979	-
(Increase) Decrease in Assets:		
Contributions Receivable	193,416	(48,124)
Due from Related Entities	21,306	(23,878)
Prepaid Expenses	19,751	(37,256)
Other Assets	(1,066)	1,828
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(58,711)	(36,232)
Due to Related Entities	30,111	(200)
Deferred Rent	5,803	1,812
Net Cash Provided (Used) by Operating Activities	<u>190,915</u>	<u>(70,430)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(4,432)	(62,855)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	<u>136,370</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	322,853	(133,285)
Cash and Cash Equivalents - Beginning of Year	<u>162,294</u>	<u>295,579</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 485,147</u></u>	<u><u>\$ 162,294</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 1 ORGANIZATION

Make-a-Wish Foundation® of Middle Tennessee (the Foundation) is a Tennessee 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. Included in cash and cash equivalents at August 31, 2020 and 2019 are \$227,485 and \$127,290, respectively, of money market mutual funds.

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 3 to 5 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 MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

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

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.

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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, 2020</u>				
Wish Related	<u>\$ 273,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,451</u>
<u>August 31, 2019</u>				
Wish Related	\$ 809,583	\$ -	\$ -	\$ 809,583
Professional Services	-	-	800	800
Advertising and Media	-	900	-	900
Other	551	820	304	1,675
	<u>\$ 810,134</u>	<u>\$ 1,720</u>	<u>\$ 1,104</u>	<u>812,958</u>
Special Events				87,654
Total				<u>\$ 900,612</u>

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

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 are 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 Tennessee 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 MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

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, 2020 and 2019. The Foundation files income tax returns in the U.S. federal jurisdiction, and applicable state jurisdictions.

Functional Expenses

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

Wish Granting

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

Fundraising

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

Management and General

All costs not identifiable with a 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 \$8,686 and \$2,883, respectively at August 31, 2020 and 2019.

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.

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in the update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

The Foundation's financial statements reflect adoption of ASU 2018-08 guidance beginning in fiscal year 2020. The adoption of ASU 2018-08 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 months to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

	2020	2019
Total Financial Assets	\$ 558,299	\$ 452,995
Donor-Imposed Restrictions:		
Restricted Funds	(5,750)	(211,380)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 552,549</u>	<u>\$ 241,615</u>

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.

As part of the liquidity management plan, the Foundation invests cash in excess of daily requirements in money market funds.

NOTE 4 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2020 and 2019 were \$34,434 and \$230,677, respectively. All contributions receivable is 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, 2020 and 2019.

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

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, 2020 and 2019, respectively, the Foundation received \$466,129 and \$455,153 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 \$-0- and \$25,000, respectively, during the years ended August 31, 2020 and 2019.

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 \$163,471 and \$102,625 were paid from the Foundation to the National Organization during the years ended August 31, 2020 and 2019, 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 \$2,700 and \$5,550, respectively, for the years ended August 31, 2020 and 2019, which is recorded in the accompanying statements of activities as Other Income.

Amounts due from and to related entities at August 31, 2020 and 2019 are as follows:

	2020	2019
Due from National Organization	\$ 38,248	\$ 53,276
Due from Other Chapters	470	6,748
Total Due from Related Entities	<u>\$ 38,718</u>	<u>\$ 60,024</u>
Due to National Organization	\$ 45,648	\$ 3,223
Due to Other Chapters	1,227	13,541
Total Due to Related Entities	<u>\$ 46,875</u>	<u>\$ 16,764</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.

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 5 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

During the years ended August 31, 2020 and 2019, the Foundation received contributions, both cash and in-kind, from board members totaling \$168,066 and \$231,337, respectively. At August 31, 2020 and 2019, amounts due from board members totaled \$-0- and \$3,500, respectively, and are included in contributions receivable in the accompanying statements of financial position.

NOTE 6 PROPERTY AND EQUIPMENT, NET

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

	2020	2019
Computer Equipment and Software	\$ 51,425	\$ 48,259
Office Furniture	89,286	89,287
Total	140,711	137,546
Less Accumulated Depreciation and Amortization	(90,140)	(67,231)
Property and Equipment, Net	<u>\$ 50,571</u>	<u>\$ 70,315</u>

Depreciation and amortization expense totaled \$23,197 and \$15,067, respectively, for the years ended August 31, 2020 and 2019.

NOTE 7 LEASES

The Foundation is obligated under an operating lease for an office, which expires February 2026. Total rent expense for the operating lease for the years ended August 31, 2020 and 2019, respectively totaled \$118,434 and \$88,664.

Future minimum lease payments under the operating lease having a remaining term in excess of one year are as follows:

<u>Year Ending August 31:</u>	<u>Operating Lease</u>
2021	\$ 114,884
2022	117,182
2023	119,525
2024	121,916
2025	124,354
Thereafter	62,793
Total	<u>\$ 660,654</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:

	2020	2019
Subject to Expenditure for Specified Purpose:		
In-Kind Pledge Receivable	\$ -	\$ 163,880
Cash Pledges	2,000	47,500
Total	<u>2,000</u>	<u>211,380</u>
Subject to Passage of Time:		
Cash Pledges	3,750	-
Total Donor Restricted Net Assets	<u>\$ 5,750</u>	<u>\$ 211,380</u>

NOTE 9 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 90 days 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 3% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2020 and 2019 were \$12,968 and \$13,595, 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.

In-kind contributions totaling \$98,114 and \$488,009 were received from a single donor for the years ended August 31, 2020 and 2019, respectively, which represents 6% and 22% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

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NOTE 11 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the years ended August 31, 2020 and 2019, the Foundation granted 75 and 146 wishes, respectively. As of August 31, 2020 and 2019, respectively, there were approximately 200 and 180 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2020 was \$6,586 in cash and \$5,777 in in-kind for a total cost of \$12,363. The average cost of a wish for the year ended August 31, 2019 was \$6,875 in cash and \$5,096 in in-kind for a total cost of \$11,971.

NOTE 12 AGREEMENT REGARDING DONATED MERCHANDISE

In August 2019, the Foundation entered into an agreement with an entity that is an unrelated third party. The entity has agreed to conduct and operate merchandise solicitation and pickup services of donated goods on behalf of the Foundation. Upon collection, the entity will be deemed to have purchased such merchandise from the Foundation at wholesale. In return for the goods, the entity agrees to pay the Foundation a purchase price equal to \$.05 per pound, with annual guaranty of \$50,000 for each of the first two contract years, and for each year after, the greater of \$50,000 or two thirds of the aggregate purchase price of the merchandise. The term of the agreement commenced on October 1, 2019 and is in effect until September 30, 2026. The Foundation received \$52,458 of payments recorded as revenue under this agreement for the year ended August 31, 2020. No amounts were received or recorded as revenue for the year ended August 31, 2019.

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, 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, 2020, with only a few exceptions, travel wishes are still paused. Over the past three years, travel wishes have been approximately 81% of wishes granted and the number of granted wishes averaged approximately 144. The number of wishes granted in the current year was 75.

In addition to the impact on travel and large gathering wishes, the Foundation has also cancelled or converted fundraising events to virtual events. 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.

From an operational perspective, the Foundation's office closed and transitioned the staff to work from home as of March 13, 2020. The office has been partially opened. Temporary internal control policies were written to accommodate for the closure.

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NOTE 14 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$136,370 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. 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 repayment schedule is below.

<u>Year Ending August 31,</u>	<u>Amount</u>
2021	\$ 75,203
2022	61,167
Total	<u>\$ 136,370</u>

NOTE 15 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through February 10, 2021, the date at which the financial statements were available to be issued.

Subsequent to year-end, the Foundation received a loan in the amount of \$145,660 to fund payroll and other eligible expenditures through the second round of the federal Paycheck Protection Program. The loan was received on January 29, 2021 and may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

