

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

**FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2021 AND 2020**



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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, 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 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, 2021 and 2020 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Oak Brook, Illinois  
May 19, 2022

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

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 597,834	\$ 485,147
Due from Related Entities	48,266	38,718
Prepaid Expenses	57,210	17,505
Contributions Receivable, Net	104,291	34,434
Other Assets	11,552	9,249
Property and Equipment, Net	<u>33,023</u>	<u>50,571</u>
Total Assets	<u><u>\$ 852,176</u></u>	<u><u>\$ 635,624</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 76,762	\$ 68,477
Due to Related Entities	1,705	46,875
Deferred Rent	12,813	8,686
Payroll Protection Program	<u>-</u>	<u>136,370</u>
Total Liabilities	91,280	260,408
<b>NET ASSETS</b>		
Without Donor Restrictions	707,679	369,466
With Donor Restrictions	<u>53,217</u>	<u>5,750</u>
Total Net Assets	<u>760,896</u>	<u>375,216</u>
Total Liabilities and Net Assets	<u><u>\$ 852,176</u></u>	<u><u>\$ 635,624</u></u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions	\$ 1,281,087	\$ 26,550	\$ 1,307,637
Grants	532,274	-	532,274
Total Public Support	1,813,361	26,550	1,839,911
Internal Special Events	184,892	26,667	211,559
Less: Costs of Direct Benefits to Donors	(64,595)	-	(64,595)
Total Internal Special Events	120,297	26,667	146,964
Investment Income	818	-	818
Forgiveness of Paycheck Protection Program Loan	282,030	-	282,030
Other Income	5,100	-	5,100
Net Assets Released from Restrictions	5,750	(5,750)	-
Total Revenues, Gains, and Other Support	2,227,356	47,467	2,274,823
<b>EXPENSES</b>			
Program Services:			
Wish Granting	1,295,366	-	1,295,366
Support Services:			
Fundraising	229,949	-	229,949
Management and General	363,828	-	363,828
Total Support Services	593,777	-	593,777
Total Expenses	1,889,143	-	1,889,143
<b>CHANGE IN NET ASSETS</b>	338,213	47,467	385,680
Net Assets - Beginning of Year	369,466	5,750	375,216
<b>NET ASSETS - END OF YEAR</b>	\$ 707,679	\$ 53,217	\$ 760,896

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
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
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
<b>EXPENSES</b>			
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
<b>CHANGE IN NET ASSETS</b>	158,932	(205,630)	(46,698)
Net Assets - Beginning of Year	210,534	211,380	421,914
<b>NET ASSETS - END OF YEAR</b>	<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 FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2021**

	Program Services	Support Services				
	Wish Granting Services	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	\$ 734,118	\$ -	\$ -	\$ -	\$ -	\$ 734,118
Salaries, Taxes, and Benefits	358,699	134,392	267,562	401,954	-	760,653
Printing, Subscriptions, and Publications	1,417	1,167	784	1,951	-	3,368
Professional Fees	1,041	654	5,541	6,195	-	7,236
Rent and Utilities	48,913	39,155	30,943	70,098	-	119,011
Postage and Delivery	4,135	4,164	1,857	6,021	-	10,156
Travel	4,283	723	42	765	-	5,048
Meetings and Conferences	290	1,460	3,212	4,672	-	4,962
Office Supplies	1,987	1,260	1,396	2,656	-	4,643
Communications	8,534	3,287	5,020	8,307	-	16,841
Advertising and Media	-	150	-	150	-	150
Insurance	732	425	408	833	-	1,565
National Partnership Dues	127,048	22,939	26,469	49,408	-	176,456
Miscellaneous	3,055	20,173	4,160	24,333	-	27,388
Depreciation and Amortization	1,114	-	16,434	16,434	-	17,548
Special Event - Direct Donor Benefits	-	-	-	-	64,595	64,595
	<u>1,295,366</u>	<u>229,949</u>	<u>363,828</u>	<u>593,777</u>	<u>64,595</u>	<u>1,953,738</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(64,595)</u>	<u>(64,595)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,295,366</u>	<u>\$ 229,949</u>	<u>\$ 363,828</u>	<u>\$ 593,777</u>	<u>\$ -</u>	<u>\$ 1,889,143</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**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 385,680	\$ (46,698)
Adjustments to reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	17,548	23,197
Forgiveness of Paycheck Protection Program Loan	(282,030)	-
Bad Debt Expense and Other	-	2,827
Loss on Disposal of Property and Equipment	-	979
(Increase) Decrease in Assets:		
Contributions Receivable	(69,857)	193,416
Due from Related Entities	(9,548)	21,306
Prepaid Expenses	(39,705)	19,751
Other Assets	(2,303)	(1,066)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	8,285	(58,711)
Due to Related Entities	(45,170)	30,111
Deferred Rent	4,127	5,803
Net Cash Provided (Used) by Operating Activities	<u>(32,973)</u>	<u>190,915</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	-	(4,432)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program Loan	<u>145,660</u>	<u>136,370</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	112,687	322,853
Cash and Cash Equivalents - Beginning of Year	<u>485,147</u>	<u>162,294</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 597,834</u></u>	<u><u>\$ 485,147</u></u>

See accompanying Notes to Financial Statements.

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

**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 (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, 2021 and 2020 are \$327,793 and \$227,485, 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, 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.

**Net Assets**

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

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

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

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

**Revenue Recognition**

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

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was approximately \$64,595 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.

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

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

Conditional promises to give are not recognized as contribution revenue and receivables until the conditions have been substantially met. Conditional promises outstanding for the years ended August 31, 2021 and 2020 were \$-0-.

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, 2021</u>				
Wish Related	<u>\$ 99,855</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 99,855
Special Events				5,000
Contributions Receivable				11,715
Total				<u>\$ 116,570</u>
 <u>August 31, 2020</u>				
Wish Related	<u>\$ 273,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,451</u>

A 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. 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 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.

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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.

**Management and General**

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

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

**Deferred Rent**

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$12,813 and \$8,686, respectively at August 31, 2021 and 2020.

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

**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. The Foundation strives to maintain liquid financial assets sufficient to cover 6 months of general expenditures.

	2021	2020
Total Financial Assets	\$ 750,391	\$ 558,299
Donor-Imposed Restrictions:		
Restricted Funds	(53,217)	(5,750)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 697,174</u>	<u>\$ 552,549</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.

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

**NOTE 4 CONTRIBUTIONS RECEIVABLE**

The Foundation's contributions receivable as of August 31, 2021 and 2020 were \$104,291 and \$34,434, 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, 2021 and 2020.

**NOTE 5 TRANSACTIONS WITH RELATED ENTITIES**

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2021 and 2020, respectively, the Foundation received \$646,781 and \$466,129 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 \$20,000 and \$-0-, respectively, during the years ended August 31, 2021 and 2020.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$176,456 and \$163,471 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 \$5,100 and \$2,700, respectively, for the years ended August 31, 2021 and 2020, which is recorded in the accompanying statements of activities as Other Income.

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

	2021	2020
Due from National Organization	\$ 41,906	\$ 38,248
Due from Other Chapters	6,360	470
Total Due from Related Entities	<u>\$ 48,266</u>	<u>\$ 38,718</u>
Due to National Organization	\$ 36	\$ 45,648
Due to Other Chapters	1,669	1,227
Total Due to Related Entities	<u>\$ 1,705</u>	<u>\$ 46,875</u>



**MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE**  
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**NOTE 5 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 \$128,201 and \$168,066, respectively. At August 31, 2021 and 2020, amounts due from board members totaled \$5,000 and \$0-, 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:

	2021	2020
Computer Equipment and Software	\$ 42,664	\$ 51,425
Office Furniture	88,586	89,286
Total	131,250	140,711
Less: Accumulated Depreciation and Amortization	(98,227)	(90,140)
Property and Equipment, Net	<u>\$ 33,023</u>	<u>\$ 50,571</u>

Depreciation and amortization expense totaled \$17,548 and \$23,197, respectively, for the years ended August 31, 2021 and 2020.

**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, 2021 and 2020, respectively totaled \$119,011 and \$118,434.

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>
2022	\$ 117,182
2023	119,525
2024	121,916
2025	124,354
2026	62,793
Total	<u>\$ 545,770</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:

	2021	2020
Subject to Expenditure for Specified Purpose:		
In-Kind Pledge Receivable	\$ 11,715	\$ -
Cash Pledges	41,502	2,000
Total	<u>53,217</u>	<u>2,000</u>
Subject to Passage of Time:		
Cash Pledges	<u>-</u>	<u>3,750</u>
Total Donor Restricted Net Assets	<u><u>\$ 53,217</u></u>	<u><u>\$ 5,750</u></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, 2021 and 2020 were \$13,811 and \$12,968, respectively.

**NOTE 10 CONCENTRATIONS OF CREDIT RISK**

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

**NOTE 11 COMMITMENTS**

The goal of the Foundation is to grant the wish of every eligible child. During the years ended August 31, 2021 and 2020, the Foundation granted 95 and 75 wishes, respectively. As of August 31, 2021 and 2020, respectively, there were approximately 230 and 200 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2021 was \$6,030 in cash and \$829 in in-kind for a total cost of \$6,859. 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.

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**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 guarantee 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 \$75,695 and \$52,458 of payments recorded as revenue under this agreement for the years ended August 31, 2021 and 2020, respectively.

**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, 2021, with the exception of regional travel, travel wishes are still paused. Prior to fiscal year 2020, travel wishes have been approximately 81% of wishes granted and the number of granted wishes averaged approximately 144.

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 14 PAYCHECK PROTECTION PROGRAM**

The Foundation applied for and was approved 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. 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 \$136,370 on March 22, 2021.

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**NOTE 14 PAYCHECK PROTECTION PROGRAM (CONTINUED)**

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$145,660 loan. The loan was received on January 27, 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 loan is uncollateralized and is fully guaranteed by the federal government. The Foundation received forgiveness of \$145,660 on June 14, 2021.

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

**NOTE 15 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through May 19, 2022, the date at which the financial statements were available to be issued.

