

**MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS
AND RHODE ISLAND, INC.**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2021 AND 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
TABLE OF CONTENTS
YEARS ENDED AUGUST 31, 2021 AND 2020

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Massachusetts and Rhode Island, Inc.
Boston, Massachusetts

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Massachusetts and Rhode Island, Inc., which comprise the statements of financial position as of August 31, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Board of Directors
Make-A-Wish Foundation® of Massachusetts and Rhode Island, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of Massachusetts and Rhode Island, Inc., 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

Boston, Massachusetts
February 17, 2022

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 2,657,719	\$ 2,669,927
Investments	15,095,146	12,483,236
Due from Related Entities	83,066	57,635
Prepaid Expenses and Other Assets	302,578	318,847
Contributions Receivable, Net	748,315	902,979
Property and Equipment, Net	563,147	626,964
Total Assets	\$ 19,449,971	\$ 17,059,588
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 343,049	\$ 303,671
Due to Related Entities	12,118	-
Deferred Rent	147,954	133,543
Other Liabilities	119,471	125,200
Paycheck Protection Program	499,300	438,900
Total Liabilities	1,121,892	1,001,314
NET ASSETS		
Without Donor Restrictions:		
Operating	8,315,370	7,133,297
Board-Designated	8,873,261	7,617,031
Total Net Assets Without Donor Restrictions	17,188,631	14,750,328
With Donor Restrictions	1,139,448	1,307,946
Total Net Assets	18,328,079	16,058,274
Total Liabilities and Net Assets	\$ 19,449,971	\$ 17,059,588

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 3,927,739	\$ 224,736	\$ 4,152,475
Grants	23,975	-	23,975
Total Public Support	3,951,714	224,736	4,176,450
Internal Special Events	1,743,228	19,439	1,762,667
Less Costs of Direct Benefits to Donors	(323,887)	-	(323,887)
Total Internal Special Events	1,419,341	19,439	1,438,780
Appropriation of Nonoperating Assets for Operations	426,000	-	426,000
Forgiveness of Paycheck Protection Program Loan	438,900	-	438,900
Other Income	10,667	-	10,667
Net Assets Released from Restrictions	438,271	(438,271)	-
Total Operating Revenues, Gains, and Other Support	6,684,893	(194,096)	6,490,797
EXPENSES			
Program Services:			
Wish Granting	1,926,543	-	1,926,543
Program-Related Support	1,532,051	-	1,532,051
Total Program Services	3,458,594	-	3,458,594
Support Services:			
Fundraising	1,409,894	-	1,409,894
Management and General	1,508,414	-	1,508,414
Total Support Services	2,918,308	-	2,918,308
Total Program and Support Services Expense	6,376,902	-	6,376,902
CHANGE IN NET ASSETS FROM OPERATIONS	307,991	(194,096)	113,895
NONOPERATING ACTIVITIES			
Interest Income and Investment Gains, Net	2,552,386	15,524	2,567,910
Contributions for Long-Term Purposes	-	14,000	14,000
Appropriation of Endowment Assets for Operations	(422,074)	(3,926)	(426,000)
Change in Net Assets from Nonoperating Activities	2,130,312	25,598	2,155,910
CHANGE IN NET ASSETS	2,438,303	(168,498)	2,269,805
Net Assets - Beginning of Year	14,750,328	1,307,946	16,058,274
NET ASSETS - END OF YEAR	\$ 17,188,631	\$ 1,139,448	\$ 18,328,079

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 4,475,045	\$ 561,049	\$ 5,036,094
Grants	147,943	-	147,943
Total Public Support	4,622,988	561,049	5,184,037
Internal Special Events	1,050,466	54,402	1,104,868
Less Costs of Direct Benefits to Donors	(127,773)	-	(127,773)
Total Internal Special Events	922,693	54,402	977,095
Appropriation of Nonoperating Assets for Operations	418,835	-	418,835
Other Income	9,253	-	9,253
Net Assets Released from Restrictions	668,681	(668,681)	-
Total Operating Revenues, Gains, and Other Support	6,642,450	(53,230)	6,589,220
EXPENSES			
Program Services:			
Wish Granting	2,441,250	-	2,441,250
Program-Related Support	1,683,222	-	1,683,222
Total Program Services	4,124,472	-	4,124,472
Support Services:			
Fundraising	1,294,462	-	1,294,462
Management and General	1,404,376	-	1,404,376
Total Support Services	2,698,838	-	2,698,838
Total Program and Support Services Expense	6,823,310	-	6,823,310
CHANGE IN NET ASSETS FROM OPERATIONS	(180,860)	(53,230)	(234,090)
NONOPERATING ACTIVITIES			
Interest Income and Investment Gains, Net	1,409,052	9,846	1,418,898
Loss on Disposal of Fixed Assets	-	30,000	30,000
Appropriation of Endowment Assets for Operations	(414,984)	(3,851)	(418,835)
Change in Net Assets from Nonoperating Activities	994,068	35,995	1,030,063
CHANGE IN NET ASSETS	813,208	(17,235)	795,973
Net Assets - Beginning of Year	13,937,120	1,325,181	15,262,301
NET ASSETS - END OF YEAR	\$ 14,750,328	\$ 1,307,946	\$ 16,058,274

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021

	Program Services			Support Services			Direct Donor Benefits	Total
	Wish Granting	Program-Related Support	Total Program Services	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 1,926,543	\$ -	\$ 1,926,543	\$ -	\$ -	\$ -	\$ -	\$ 1,926,543
Salaries, Taxes, and Benefits	-	921,463	921,463	1,011,519	990,468	2,001,987	-	2,923,450
Printing, Subscriptions, and Publications	-	10,579	10,579	18,648	1,875	20,523	-	31,102
Professional Fees	-	29,665	29,665	36,706	231,009	267,715	-	297,380
Grant Expense	-	-	-	-	-	-	-	-
Advertising	-	13,188	13,188	13,194	-	13,194	-	26,382
Rent and Utilities	-	161,245	161,245	165,674	145,483	311,157	-	472,402
Postage and Delivery	-	2,833	2,833	7,067	2,871	9,938	-	12,771
Travel	-	186	186	601	874	1,475	-	1,661
Meetings and Conferences	-	4	4	32,682	1,934	34,616	-	34,620
Office Supplies	-	1,000	1,000	1,050	1,935	2,985	-	3,985
Communications	-	7,943	7,943	8,177	7,242	15,419	-	23,362
Repairs and Maintenance	-	9,225	9,225	7,593	6,759	14,352	-	23,577
National Partnership Dues	-	331,006	331,006	59,765	68,960	128,725	-	459,731
Miscellaneous	-	13,778	13,778	16,401	21,709	38,110	-	51,888
Depreciation and Amortization	-	29,936	29,936	30,817	27,295	58,112	-	88,048
Special Event Expense	-	-	-	-	-	-	323,887	323,887
Total	1,926,543	1,532,051	3,458,594	1,409,894	1,508,414	2,918,308	323,887	6,700,789
Less Expenses Netted Against Revenues on the Statement of Activities:								
Special Event Expenses	-	-	-	-	-	-	(323,887)	(323,887)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 1,926,543	\$ 1,532,051	\$ 3,458,594	\$ 1,409,894	\$ 1,508,414	\$ 2,918,308	\$ -	\$ 6,376,902

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2020

	Program Services			Support Services			Direct Donor Benefit	Total
	Wish Granting	Program-Related Support	Total Program Services	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 2,441,250	\$ -	\$ 2,441,250	\$ -	\$ -	\$ -	\$ -	\$ 2,441,250
Salaries, Taxes, and Benefits	-	824,904	824,904	921,803	949,820	1,871,623	-	2,696,527
Printing, Subscriptions, and Publications	-	4,484	4,484	21,037	432	21,469	-	25,953
Professional Fees	-	41,060	41,060	66,257	176,536	242,793	-	283,853
Grant Expense	-	100,000	100,000	-	-	-	-	100,000
Rent and Utilities	-	183,307	183,307	150,713	136,621	287,334	-	470,641
Postage and Delivery	-	3,377	3,377	6,380	2,013	8,393	-	11,770
Travel	-	1,158	1,158	1,056	9,979	11,035	-	12,193
Meetings and Conferences	-	2,217	2,217	5,644	3,039	8,683	-	10,900
Office Supplies	-	2,032	2,032	2,961	1,627	4,588	-	6,620
Communications	-	9,257	9,257	7,639	7,748	15,387	-	24,644
Repairs and Maintenance	-	10,361	10,361	9,296	7,704	17,000	-	27,361
National Partnership Dues	-	406,249	406,249	65,878	76,858	142,736	-	548,985
Miscellaneous	-	62,024	62,024	8,893	7,615	16,508	-	78,532
Depreciation and Amortization	-	32,792	32,792	26,905	24,384	51,289	-	84,081
Special Event Expenses	-	-	-	-	-	-	127,773	127,773
Total	2,441,250	1,683,222	4,124,472	1,294,462	1,404,376	2,698,838	127,773	6,951,083
Less: Expenses Netted Against Revenues on the Statement of Activities:								
Special Event Expenses	-	-	-	-	-	-	(127,773)	(127,773)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 2,441,250	\$ 1,683,222	\$ 4,124,472	\$ 1,294,462	\$ 1,404,376	\$ 2,698,838	\$ -	\$ 6,823,310

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,269,805	\$ 795,973
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	88,048	84,081
Forgiveness of Paycheck Protection Program Loan	(438,900)	-
Net Realized and Unrealized (Gain) Loss on Investments	(2,608,724)	(1,219,402)
Contributed Property and Equipment	33,272	(54,402)
Change in Discount to Present Value of Contributions Receivable	(4,044)	(5,928)
(Increase) Decrease in Assets:		
Contributions Receivable	158,708	102,946
Due from Related Entities	(25,431)	25,676
Prepaid Expenses and Other Assets	(17,003)	(186,932)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	39,378	(73,271)
Due to Related Entities	12,118	(43,239)
Deferred Rent	14,411	53,434
Other Liabilities	(5,729)	115,450
Net Cash Used by Operating Activities	(484,091)	(405,614)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(44,000)	(18,420,786)
Proceeds from Sales of Investments	40,814	18,222,124
Purchases of Property and Equipment	(24,231)	-
Net Cash Used by Investing Activities	(27,417)	(198,662)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	499,300	438,900
Net Cash Provided by Financing Activities	499,300	438,900
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,208)	(165,376)
Cash and Cash Equivalents - Beginning of Year	2,669,927	2,835,303
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,657,719	\$ 2,669,927
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Contributed Property and Equipment	\$ (33,272)	\$ 54,402

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Massachusetts and Rhode Island, Inc. (the Foundation) is a Massachusetts 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 (the National Organization), which develops and implement 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 unless its use is limited by donor-imposed restrictions or law. Investments are valued by using the net asset value (NAV) per share (or its equivalent), as a practical expedient.

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

Contributions Receivable

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

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost greater than \$1,000 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 5 to 10 years. 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.

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.

The Foundation utilizes the net asset value (NAV) per share or its equivalent for valuing certain investments in funds that do not have readily determinable fair values. NAV, in many instances, may not equal fair value.

See additional information in Note 4.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

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

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

Operations

The statement of activities reports the change in net assets from operating and nonoperating activities. Operating activities consist of those items attributed to public support, special events less direct benefit costs, and related expenses for program services and support services for the purpose of granting wishes to children with life-threatening medical conditions.

Income and realized and unrealized gains and losses from investments, net of appropriation and other items not related to the Foundation's operations are reported as nonoperating activities.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$323,887 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. For the years ended August 31, 2021 and 2020, there were no conditional promises outstanding.

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 and services and materials that are reported in the statements of activities as follows:

	August 31, 2021			
	Programs	Fundraising	Management and General	Total
Program and Support Service Purpose:				
Wish Related	\$ 373,221	\$ -	\$ -	\$ 373,221
Professional Services	36,197	37,282	20,979	94,458
Other	441	-	-	441
Total Program and Support Service Purpose	<u>\$ 409,859</u>	<u>\$ 37,282</u>	<u>\$ 20,979</u>	468,120
In-Kind Internal Events Inventory (Asset)				(33,272)
Contributions Receivable, Net Change				48,464
Other Assets, Net Change				7,800
Total				<u>\$ 491,112</u>

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

	August 31, 2020			Total
	Programs	Fundraising	Management and General	
Program and Support Service Purpose:				
Wish Related	\$ 775,316	\$ -	\$ -	\$ 775,316
Professional Services	25,962	21,302	19,306	66,570
Other	49,884	-	-	49,884
Total Program and Support Service Purpose	<u>\$ 851,162</u>	<u>\$ 21,302</u>	<u>\$ 26,040</u>	891,770
Special Events (Inventory)				54,402
Total				<u>\$ 946,172</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 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 taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and state income taxes of the Massachusetts Department of Revenue Taxation Code and state of Rhode Island Division of Taxation. 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.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The Foundation performs four functions: wish granting, program-related support, fundraising, and management and general. Definitions of these functions are as follows:

Wish Granting

Activities performed by the Foundation that grant wishes to children with critical illnesses.

Program-Related Support

Activities performed by the Foundation related to the wish program including the identification of wish candidates and the determination and delivery of each wish. Specific activities include, but are not limited to, the development of wish resources, handling of wish referrals, and administration of the wish program.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2021 and 2020, the Foundation incurred joint costs for activities that include fundraising appeals (primarily direct mail campaigns and newsletters), which have been allocated as follows:

	2021	2020
Fundraising	\$ 3,930	\$ 6,009
Wish Granting	3,930	6,009
Total	<u>\$ 7,860</u>	<u>\$ 12,018</u>

Management and General

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

Expenses that benefit more than one function of the Foundation, such as rent, supplies, and equipment, 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 \$147,954 and \$133,543, respectively, at August 31, 2021 and 2020.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates

The preparation of financial statements in conformity with 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.

In August 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-13, Fair Value Measurement (Topic 820) – *Changes to the Disclosure Requirements for Fair Value Measurement*. The update is to improve the effectiveness of disclosures in the notes to the financial statements. The Foundation's financial statements reflect adoption of ASU 2018-13 guidance beginning in for the year-ended August 31, 2021 and retrospectively applied for the year-ended August 31, 2020. The adoption of ASU 2018-13 did not impact the Foundation's reported change in net assets.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 3 LIQUIDITY AND AVAILABILITY

The Foundation monitors liquidity regularly through the quarterly financial package provided to the board and through the enterprise-wide Benchmarks of Excellence. Holding six months to twenty-four months of liquidity is considered excellent based off the enterprise-wide published scale.

	<u>2021</u>	<u>2020</u>
Total Financial Assets	\$ 18,584,246	\$ 16,113,777
Donor Imposed Restrictions:		
Restricted Funds	(1,013,008)	(1,207,104)
Endowments	<u>(126,440)</u>	<u>(100,842)</u>
Net Financial Assets after Donor-Imposed Restrictions	17,444,798	14,805,831
Internal Designations:		
Board-Designated Endowments	<u>(8,873,261)</u>	<u>(7,617,031)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 8,571,537</u>	<u>\$ 7,188,800</u>

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

Our endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

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.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value of Financial Instruments (Continued)

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 investment committee, which oversees the Foundation's investment program in accordance with guidelines established by the board of directors.

Fair Value Hierarchy

Purchases, sales, transfers in and transfers out of Level 3 investments consist of the following for the years ended August 31:

	2021	2020
Purchases	\$ (44,000)	\$ (18,420,786)
Sales	40,814	-
Transfers In	-	-
Transfers Out	-	-

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at August 31, 2021 and 2020:

Investment Strategy	2021			
	NAV in Funds	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
FIAM Total				
Endowment Fund, LP	\$ 15,095,146	\$ -	Daily	15
Total	<u>\$ 15,095,146</u>	<u>\$ -</u>		
Investment Strategy	2020			
	NAV in Funds	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
FIAM Total				
Endowment Fund, LP	\$ 12,483,236	\$ -	Daily	15
Total	<u>\$ 12,483,236</u>	<u>\$ -</u>		

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from 4.25% to 6.00% for both years ended August 31, 2021 and 2020. The following is a summary of the Foundation's contributions receivable at August 31, 2021 and 2020:

	2021	2020
Total Amounts Due in:		
Within One Year	\$ 292,858	\$ 756,621
One to Five Years	459,055	124,000
More than Five Years	-	30,000
Gross Contributions Receivable	751,913	910,621
Less Discount to Present Value	(3,598)	(7,642)
Contributions Receivable, Net	\$ 748,315	\$ 902,979

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 online and through the mail, 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 \$1,142,821 and \$1,074,680 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 the program, the Foundation contributed \$100,000 during the year ended August 31, 2020. The Foundation did not make contributions during the year ended August 31, 2021.

The Foundation also 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. Amounts totaling \$459,731 and \$548,985 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 \$975 and \$4,550, respectively, for the years ended August 31, 2021 and 2020, which is recorded in the accompanying statements of activities as other income.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Amounts due from and to related entities at August 31, 2021 and 2020 are as follows:

	2021	2020
Due from National Organization	\$ 83,066	\$ 57,635
Due from Other Chapters	-	-
Total Due from Related Entities	\$ 83,066	\$ 57,635
Due to National Organization	\$ 313	\$ -
Due to Other Chapters	11,805	-
Total Due to Related Entities	\$ 12,118	\$ -

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.

During the years ended August 31, 2021 and 2020, the Foundation received contributions, both cash and in-kind, from board members and their affiliated organizations totaling \$394,980 and \$477,756, respectively. At August 31, 2021 and 2020, amounts due from board members and their affiliated organizations totaled \$61,000 and \$83,905, respectively, and are included in contributions receivable in the accompanying statements of financial position. There were no amounts owed, or payments made, to related parties for goods and services used in the Foundation's operations as of, and for both years ended August 31, 2021 and 2020.

NOTE 7 PROPERTY AND EQUIPMENT, NET

Property and equipment as of August 31, 2021 and 2020 consist of the following:

	2021	2020
Computer and Software	\$ 89,490	\$ 67,168
Furniture	793,786	795,430
Leasehold Improvements	10,350	10,350
Subtotal	893,626	872,948
Less: Accumulated Depreciation and Amortization	(330,479)	(245,984)
Property and Equipment, Net	\$ 563,147	\$ 626,964

Depreciation and amortization expense totaled \$88,048 and \$84,081, respectively, for the years ended August 31, 2021 and 2020.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 8 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through February 28, 2029. Total rent expense for all operating leases for the years ended August 31, 2021 and 2020 totaled \$454,825 and \$454,835, respectively.

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

<u>Year Ending August 31:</u>	<u>Operating Leases</u>
2022	\$ 452,401
2023	415,681
2024	402,586
2025	401,135
2026	401,053
Thereafter	1,131,567
Total Minimum Lease Payments	<u>\$ 3,204,423</u>

NOTE 9 NET ASSETS

Net Assets Without Donor Restrictions

Board-designated net assets as of August 31, 2021 and 2020 total \$8,873,261 and \$7,617,031, respectively.

Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods as of August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 292,026	\$ 249,723
Future Events	21,130	54,402
Endowment Earnings Subject to Appropriations	27,996	16,398
Total	<u>341,152</u>	<u>320,523</u>
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	699,852	902,979
Endowments:		
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:	98,444	84,444
Total	<u>98,444</u>	<u>84,444</u>
Total Donor Restricted Net Assets	<u>\$ 1,139,448</u>	<u>\$ 1,307,946</u>

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 10 ENDOWMENTS

The Foundation is subject to the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and is required to make disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation's endowment consists of several individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets, both donor-restricted and board-designated, are reflected as investments on the statements of financial position.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Massachusetts UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor-restricted net assets: (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulated earnings on the donor-restricted endowment funds. The accumulated earnings on the endowment funds remain treated as donor-restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

Endowment fund composition by type of fund as of August 31, 2021 and 2020 is as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 8,873,261	\$ -	\$ 8,873,261
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	98,444	98,444
Accumulated Investment Gains	-	27,996	27,996
Total Funds	<u>\$ 8,873,261</u>	<u>\$ 126,440</u>	<u>\$ 8,999,701</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 7,617,031	\$ -	\$ 7,617,031
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	84,444	84,444
Accumulated Investment Gains	-	16,398	16,398
Total Funds	<u>\$ 7,617,031</u>	<u>\$ 100,842</u>	<u>\$ 7,717,873</u>

Changes in endowment funds for the years ended August 31, 2021 and 2020 are as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ 7,617,031	\$ 100,842	\$ 7,717,873
Investment Return:			
Investment Fees	(24,904)	(231)	(25,135)
Net Appreciation	1,703,208	15,755	1,718,963
Total Investment Return	1,678,304	15,524	1,693,828
Contributions	-	14,000	14,000
Appropriation of Endowment Assets for Expenditure	(422,074)	(3,926)	(426,000)
Endowment Funds - End of Year	<u>\$ 8,873,261</u>	<u>\$ 126,440</u>	<u>\$ 8,999,701</u>

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ 6,973,205	\$ 64,847	\$ 7,038,052
Investment Return:			
Investment Income	125,721	1,169	126,890
Net Appreciation (Realized and Unrealized)	933,089	8,677	941,766
Total Investment Return	1,058,810	9,846	1,068,656
Contributions	-	30,000	30,000
Appropriation of Endowment Assets for Expenditure	(414,984)	(3,851)	(418,835)
Endowment Funds - End of Year	<u>\$ 7,617,031</u>	<u>\$ 100,842</u>	<u>\$ 7,717,873</u>

Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Such deficiencies can result from unfavorable market fluctuations that occurred shortly after the investment of new donor restricted contributions and continued appropriation for certain programs that was deemed prudent by the board of directors. There were no such deficiencies as of August 31, 2021 and 2020.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment fund while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to exceed an average rate of return of approximately 4% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 10 ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year within a range of 4% to 6% of its endowment fund's average fair value over the prior three years through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average rate greater than 4% annually, prior to the 4% to 6% appropriation for distribution previously noted. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 11 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan as of their date of hire. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. Eligible employees who have been employed with the Foundation for one year or more are eligible to receive an employer contribution to their 403(b) account. As of August 31, 2021 and 2020, the Foundation contributes up to 5%, of the employee's salary, per board discretion. Foundation contributions to the Plan for the years ended August 31, 2021 and 2020 were \$84,682 and \$81,503 respectively.

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 \$813,567 and \$680,384 were received from a single donor for the years ended August 31, 2021 and 2020, which represents 18% and 13% of total public support, respectively. 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, there is no pending litigation that would have a material adverse effect on the Foundation's financial position, change in net assets, or liquidity.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 14 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal years ended August 31, 2021 and 2020, the Foundation granted 264 and 239 wishes, respectively. As of August 31, 2021 and 2020, there were approximately 530 and 520, respectively, wish children who have qualified for a wish. The Foundation will work with the families to schedule each child's wish as it works with the child and families' schedule and the child's medical needs. The average cost of a wish for the year ended August 31, 2021 was \$5,816 in cash and \$1,415 in in-kind for a total cost of \$7,230. The average cost of a wish for the year ended August 31, 2020 was \$6,032 in cash and \$4,176 in in-kind for a total cost of \$10,208.

NOTE 15 RISKS AND UNCERTAINTIES

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began. On March 10, 2020, in conjunction with the Make-A-Wish America National Medical Advisory Council, Make-A-Wish America issued instructions to pause travel and large gathering wishes until deemed medically safe for our vulnerable population and their families. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic.

As of August 31, 2021, with the exception of regional travel, travel wishes are still paused. Prior to fiscal year 2020, travel wishes have been approximately 72% of wishes granted and the number of granted wishes averaged approximately 347. The number of wishes granted during the years ended August 31, 2021 and 2020 was 264 and 239, 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 \$438,900 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 20, 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 \$438,900 on January 12, 2021.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 16 PAYCHECK PROTECTION PROGRAM (CONTINUED)

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$499,300 loan. The loan was received on March 19, 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 Foundation received forgiveness of \$499,300 on October 29, 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 17 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through February 17, 2022, the date at which the financial statements were available to be issued.