

Consolidated Financial Statements of

**MAKE-A-WISH FOUNDATION
OF CANADA**

And Independent Auditors' Report thereon

Year ended September 30, 2020



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Make-A-Wish Foundation of Canada

Qualified Opinion

We have audited the consolidated financial statements of Make-A-Wish Foundation of Canada (the Entity), which comprise:

- the consolidated statement of financial position as at September 30, 2020
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at September 30, 2020, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Entity derives revenue from charitable donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the consolidated statement of financial position as at September 30, 2020
- the donations and fundraising and donations-in-kind revenues and deficiency of revenue over expenses reported in the consolidated statement of operations for the year ended September 30, 2020



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- the unrestricted net assets, at the beginning and end of the year, reported in the consolidated statement of changes in net assets for the year ended September 30, 2020
- the deficiency of revenue over expenses reported in the consolidated statement of cash flows for the year ended September 30, 2020

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Matter - Comparative Information

The comparative information as at and for the year ended September 30, 2019 is unaudited. Accordingly, we do not express an opinion on it.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

March 25, 2021

MAKE-A-WISH FOUNDATION OF CANADA

Consolidated Statement of Financial Position

September 30, 2020, with comparative information for 2019

	2020	2019 (Unaudited) (note 17)
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,335,367	\$ 5,744,060
Short-term investments (note 2)	9,287,631	12,148,154
Accounts receivable (notes 3 and 11)	2,352,086	830,257
Prepaid expenses	470,955	237,195
	<u>17,446,039</u>	<u>18,959,666</u>
Long-term investments (note 4)	38,874,690	36,675,476
Capital assets (note 5)	947,985	1,037,731
Intangible asset (note 6)	10,712	10,712
	<u>\$ 57,279,426</u>	<u>\$ 56,683,585</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,877,442	\$ 1,525,782
Deferred revenue (note 7)	1,484,391	1,332,328
	<u>5,361,833</u>	<u>2,858,110</u>
Deferred capital contributions (note 8)	64,158	101,084
Net assets:		
Invested in capital assets	883,827	936,647
Unrestricted	49,633,094	19,010,731
Internally restricted	–	32,552,019
Endowment (note 13)	1,336,514	1,224,994
	<u>51,853,435</u>	<u>53,724,391</u>
Lease commitments (note 15)		
Subsequent event (note 18)		
	<u>\$ 57,279,426</u>	<u>\$ 56,683,585</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Shawn Usmar Director

Cheryl Hogg Director

MAKE-A-WISH FOUNDATION OF CANADA

Consolidated Statement of Operations

Year ended September 30, 2020, with comparative information for 2019

	2020	2019
		(Unaudited) (note 17)
Revenue:		
Donations and fundraising	\$ 21,018,236	\$ 33,734,678
Donations-in-kind	4,756,436	9,000,574
Bequests	2,359,413	3,555,975
Investment income (note 4)	1,890,662	2,378,542
Government subsidies (note 11)	2,802,194	19,576
	<u>32,826,941</u>	<u>48,689,345</u>
Expenses (note 14):		
Programs	19,779,912	29,696,738
Fundraising	9,614,594	10,686,467
General and administration (note 10)	5,414,911	4,572,617
	<u>34,809,417</u>	<u>44,955,822</u>
Excess (deficiency) of revenue over expenses	<u>\$ (1,982,476)</u>	<u>\$ 3,733,523</u>

See accompanying notes to consolidated financial statements.

MAKE-A-WISH FOUNDATION OF CANADA

Consolidated Statement of Changes in Net Assets

Year ended September 30, 2020, with comparative information for 2019

					2020	2019
	Invested in capital assets	Internally restricted (note 1(e))	Unrestricted	Endowment (note 13)	Total	Total (Unaudited) (note 17)
Net assets, beginning of year	\$ 936,647	\$ 32,552,019	\$ 19,010,731	\$ 1,224,994	\$ 53,724,391	\$ 49,907,111
Excess (deficiency) of revenue over expenses	(191,161)	–	(1,791,315)	–	(1,982,476)	3,733,523
Invested in capital assets	138,341	–	(138,341)	–	–	–
Additions to endowment fund	–	–	–	111,520	111,520	83,757
Interfund transfer (note 18)	–	(32,552,019)	32,552,019	–	–	–
Net assets, end of year	\$ 883,827	\$ –	\$ 49,633,094	\$ 1,336,514	\$ 51,853,435	\$ 53,724,391

See accompanying notes to consolidated financial statements.

MAKE-A-WISH FOUNDATION OF CANADA

Consolidated Statement of Cash Flows

Year ended September 30, 2020, with comparative information for 2019

	2020	2019
		(Unaudited) (note 17)
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (1,982,476)	\$ 3,733,523
Items not involving cash:		
Amortization of capital assets	228,087	225,143
Amortization of deferred capital contributions	(36,926)	(55,643)
Unrealized loss (gain) on investments	(522,371)	1,412,924
Change in non-cash operating working capital:		
Accounts receivable	(1,521,829)	(366,574)
Prepaid expenses	(233,760)	62,290
Accounts payable and accrued liabilities	2,351,660	200,219
Deferred revenue	152,063	1,150,302
	(1,565,552)	6,362,184
Financing:		
Increase in investments held for the endowment fund	111,520	83,757
Investments:		
Additions to capital assets	(138,341)	(272,049)
Decrease (increase) in investments, net	1,183,680	(7,287,495)
	1,045,339	(7,559,544)
Decrease in cash and cash equivalents	(408,693)	(1,113,603)
Cash and cash equivalents, beginning of year	5,744,060	6,857,663
Cash and cash equivalents, end of year	\$ 5,335,367	\$ 5,744,060

See accompanying notes to consolidated financial statements.

MAKE-A-WISH FOUNDATION OF CANADA

Notes to Consolidated Financial Statements

Year ended September 30, 2020

By a Letters Patent of Amalgamation dated September 30, 2019, Make-A-Wish Foundation of Canada ("MAW Canada") and Children's Wish Foundation of Canada ("CWF Canada") were amalgamated under the laws of British Columbia, and continued under the new registered Amalgamated Society name, Make-A-Wish Foundation of Canada ("MAWC" or "Amalgamated Society"). MAWC was licensed by Make-A-Wish Foundation International and, in turn, sub-licensed seven incorporated chapters (the "Chapters") across Canada.

Further, by the same Letters Patent of Amalgamation, within 12 months of the amalgamation between MAW Canada and CWF Canada, or as soon as commercially and reasonably practicable, the incorporated chapters of MAW Canada were to be integrated into the Amalgamated Society.

As such, on May 1, 2020, the Board of Directors of each Chapter resigned and MAWC appointed three members of the MAWC Board to each Chapter board on an interim basis, creating common control. Then, on September 30, 2020 MAWC and the Chapters were legally amalgamated into the national organization which had been renamed the Make-A-Wish Legacy Foundation.

On October 1, 2020, all the assets and operations of the Make-A-Wish Legacy Foundation were transferred to the new Make-A-Wish Foundation of Canada which operates under the Canada Not-for-profit Corporations Act.

MAWC is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

MAWC's mission is:

Together, we create life-changing wishes for children with critical illnesses.

MAWC creates life-changing wishes for children with critical illnesses. It is on a quest to bring every eligible child's wish to life because a wish is an integral part of a child's treatment journey. Children who have wishes granted can build the physical and emotional need to fight a critical illness.

MAWC's purposes are:

- (a) To fund, facilitate, promote and carry out activities and programs which have the purpose of granting wishes to children who have been diagnosed with a critical illness in a life-threatening stage or with extreme long-term complications in a way the law regards as charitable;

MAKE-A-WISH FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended September 30, 2020

- (b) To receive bequests, trusts, funds and property, and to hold, invest, administer and distribute funds and property for the purposes of MAWC as presently set out and for such other organizations as are "qualified donees" under the provisions of the Income Tax Act (Canada) and for such other purposes and activities which are authorized for registered charities under the provisions of the Income Tax Act (Canada); and
- (c) To do all such other things as are incidental and ancillary to the attainment of these purposes and to the exercise of the powers of MAWC .

1. Significant accounting policies:

These consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

(a) Revenue recognition:

Donations are recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. No accruals are made for monies pledged but not yet received.

Donations-in-kind are recognized when fair value can be reasonably estimated and when the materials and services are used in the normal course of MAWC's operations and would otherwise have been purchased. Donated material and services for the year ended September 30, 2020 amounted to \$4,756,436 (2019 - \$9,000,574).

Investment income, which is recorded on the accrual basis, includes interest and dividends. All changes in fair value are recognized in the consolidated statement of operations.

Government subsidies are recognized when approval for funding is received and applicable conditions are met.

Bequests are recognized as revenue when received or receivable provided the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in net assets.

MAKE-A-WISH FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended September 30, 2020

1. Significant accounting policies (continued):

The efforts of volunteer workers are not reflected in the accompanying consolidated financial statements as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to MAWC.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. MAWC has not elected to carry any such financial instruments at fair value. Long-term investments are carried at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, MAWC determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount MAWC expects to realize by exercising its rights to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the impairment, not exceeding the initial carrying value.

(c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to MAWC's ability to provide services, its carrying amount is written down to its residual value.

MAKE-A-WISH FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended September 30, 2020

1. Significant accounting policies (continued):

Capital assets are amortized on a straight-line basis over their useful lives as follows:

Furniture and equipment	5 years
Computers	3 years
Donated computer equipment	7 years
Leasehold improvements	Over terms of various leases
Automobiles	6 years

(d) Intangible asset:

Intangible asset includes a time-share condominium asset that was donated to MAWC which has been recorded at the fair market value as determined by an independent appraiser at the time of receipt of the contribution. The time-share has an indefinite life; therefore, it is not amortized.

(e) Net assets:

The Board of Directors ("Board") of MAWC has directed management to maintain separate fund balances within the net assets of MAWC. The unrestricted operating fund reflects resources available for immediate use and the internally restricted fund was established to ensure the uninterrupted granting of wishes. Endowments consist of restricted contributions received whereby the principal gift is required to be maintained intact and the investment income generated is used in accordance with the purposes established by the donors.

(f) Foreign currency translation:

The fair values of foreign currency-denominated investments included in the consolidated statement of financial position are translated into Canadian dollars at year-end rates of exchange. Revenue and expenses are translated at the exchange rate prevailing on the transaction date. Gains and losses arising from translation are reflected in the consolidated statement of operations in investment income.

MAKE-A-WISH FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended September 30, 2020

1. Significant accounting policies (continued):

(g) Expense allocations:

MAWC classifies expenses on the consolidated statement of operations by function. Expenses are allocated to the functional areas of programs, fundraising and general and administration based upon staff time directed to those functional areas.

(h) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

2. Cash and cash equivalents and short-term investments:

Cash and cash equivalents includes \$551,863 (2019 - \$421,132) of restricted funds held in bank accounts for the purpose of expense payments relating to lotteries and raffles.

Short-term investments consist of guaranteed investment certificates bearing interest at a rate of 1.5% to 3.5% per annum, maturing on December 2021 to June 2027.

3. Accounts receivables:

	2020	2019 (Unaudited) (note 17)
Harmonized sales tax receivable	\$ 633,811	\$ 432,183
Revenue receivable	1,718,275	398,074
	<u>\$ 2,352,086</u>	<u>\$ 830,257</u>

Allowance for doubtful accounts amounted to nil (2019 - nil).

MAKE-A-WISH FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended September 30, 2020

4. Long-term investments:

	2020		2019	
	Cost	Fair value	Cost	Fair value
				(Unaudited) (note 17)
Cash equivalents:				
Money market fund	\$ 90,669	\$ 90,669	\$ 70,194	\$ 70,194
Equities:				
Domestic	10,489,445	11,164,937	9,298,665	11,032,918
Foreign	9,680,485	13,178,188	9,649,405	11,914,367
Fixed income:				
Domestic	12,819,612	13,104,382	12,420,530	12,433,003
Endowment	1,114,024	1,336,514	1,078,598	1,224,994
	<u>\$ 34,194,235</u>	<u>\$ 38,874,690</u>	<u>\$ 32,517,392</u>	<u>\$ 36,675,476</u>

Investment income consists of:

	2020	2019
		(Unaudited) (note 17)
Interest	\$ 471,370	\$ 452,623
Dividends	910,380	1,286,037
Foreign exchange loss	(62,880)	(46,125)
Realized gain on investments	49,421	2,098,931
Investment income from transactions	1,368,291	3,791,466
Net change in unrealized gain (loss) on investments	522,371	(1,412,924)
	<u>\$ 1,890,662</u>	<u>\$ 2,378,542</u>

See note 16 for investment risks.

MAKE-A-WISH FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended September 30, 2020

5. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
				(Unaudited) (note 17)
Furniture and equipment	\$ 149,394	\$ 127,522	\$ 21,872	\$ 31,996
Donated furniture	—	—	—	400
Computers	1,157,764	457,229	700,535	714,970
Donated computer equipment	120,314	56,156	64,158	101,084
Leasehold improvements	280,007	143,506	136,501	155,394
Automobiles	87,840	62,921	24,919	33,887
	\$ 1,795,319	\$ 847,334	\$ 947,985	\$ 1,037,731

(a) Invested in capital assets is calculated as follows:

	2020	2019
		(Unaudited) (note 17)
Capital assets	\$ 947,985	\$ 1,037,731
Amounts financed by:		
Deferred capital contributions	64,158	101,084
	\$ 883,827	\$ 936,647

(b) Change in net assets invested in capital assets is calculated as follows:

	2020	2019
		(Unaudited) (note 17)
Excess (deficiency) of revenue over expenses:		
Amortization of deferred capital contributions	\$ 36,926	\$ 55,643
Amortization of capital assets	(228,087)	(225,143)
	\$ (191,161)	\$ (169,500)
Net change in invested in capital assets:		
Additions to capital assets	\$ 138,341	\$ 272,049

MAKE-A-WISH FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended September 30, 2020

6. Intangible asset:

	2020	2019 (Unaudited) (note 17)
Time-share condominium - Hawaii USA	\$ 10,712	\$ 10,712

7. Deferred revenue:

	2020			2019 (Unaudited) (note 17)
	Deferred donations revenue	Free rent and lease inducements	Total	Total
Balance, beginning of year	\$ 1,175,421	\$ 156,907	\$ 1,332,328	\$ 182,951
Amounts received	737,261	–	737,261	1,212,137
Amortized to revenue	(566,550)	(18,648)	(585,198)	(62,760)
Balance, end of year	\$ 1,346,132	\$ 138,259	\$ 1,484,391	\$ 1,332,328

8. Deferred capital contributions:

Deferred capital contributions represent donations-in-kind for software and computer equipment. The changes in the deferred capital contributions balance for the year are as follows:

	2019 (Unaudited) (note 17)	Additions	Amortization	2020
Donated software and computer equipment	\$ 101,084	\$ –	\$ 36,926	\$ 64,158

MAKE-A-WISH FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended September 30, 2020

9. Related party transactions:

MAWC is affiliated, via the federated model, with Make-A-Wish Foundation International and Make-A-Wish Foundation America. MAWC paid fees of \$326,985 (2019 - \$306,124) to those organizations in support of mission delivery to children around the world.

These transactions with related parties are subject to normal trade terms and are recorded at the exchange amount agreed to by the related parties.

10. General and administration expenses:

	2020	2019
		(Unaudited) (note 17)
Salaries and benefits	\$ 2,056,950	\$ 1,909,973
Professional fees	1,863,644	819,639
Office	661,733	755,382
Rent and utilities	469,020	459,015
Promotion and advertising	81,711	155,226
Amortization	75,747	99,813
Board and committee meetings	71,183	230,770
Other	62,149	63,405
Insurance	55,364	51,394
Telephone	17,410	28,000
	<u>\$ 5,414,911</u>	<u>\$ 4,572,617</u>

Included in professional fees are pre-closing amalgamation expenses:

	2020	2019
		(Unaudited) (note 17)
Professional fees	\$ 1,079,685	\$ 423,923
Legal fees	136,955	140,995
	<u>\$ 1,216,640</u>	<u>\$ 564,918</u>

MAKE-A-WISH FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended September 30, 2020

11. Government assistance:

Government assistance received by MAWC during the year amounted to \$37,938 (2019 - \$19,576), which have been recognized as donations and fundraising revenue on the consolidated statement of operations as at September 30, 2020. These funds were for the temporary employment of individuals for specific programs.

Due to the COVID-19 pandemic, the Canadian government introduced the Canada Emergency Wage Subsidy to assist organizations who had lost a certain percentage of their eligible revenue. During the year ended September 30, 2020, MAWC filed eligible claims totaling \$2,764,256 (2019 - nil) which have been recognized as government subsidies on the consolidated statement of operations. As at September 30, 2020, \$863,369 (2019 - nil) is included in accounts receivable with respect to claims filed but not yet received

12. Fundraising:

As required by Alberta legislation, with regard to reporting of fundraising, gross fundraising revenue received in Alberta was \$5,161,510 (2019 - \$7,912,714). Remuneration to employees whose principal duties involve fundraising approximated \$407,702 (2019 - \$481,350).

13. Endowment Fund:

The Endowment Fund represents externally restricted amounts which have been specifically restricted by the donor. The investments held for the Endowment Fund are comprised of money market funds, fixed income as well as domestic and foreign equities.

	2020	2019	Net change
		(Unaudited)	
		(note 17)	
Contributions	\$ 887,354	\$ 883,653	\$ 3,701
Accumulated investment income	223,313	194,945	28,368
Unrealized gain	225,847	146,396	79,451
	<u>\$ 1,336,514</u>	<u>\$ 1,224,994</u>	<u>\$ 111,520</u>

MAKE-A-WISH FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended September 30, 2020

14. Allocation of expenses:

Expenses have been allocated as follows:

2020	Expenses before allocations	Salaries and benefits	Other expenses	Total
Programs	\$ 10,388,333	\$ 5,647,409	\$ 3,744,170	\$ 19,779,912
Fundraising	1,099,626	4,659,777	3,855,191	9,614,594
General and administration	9,230,813	(3,366,788)	(449,114)	5,414,911
	\$ 20,718,772	\$ 6,940,398	\$ 7,150,247	\$ 34,809,417

2019 (Unaudited) (note 17)	Expenses before allocations	Salaries and benefits	Other expenses	Total
Programs	\$ 21,261,217	\$ 5,454,211	\$ 2,981,310	\$ 29,696,738
Fundraising	2,057,817	4,619,514	4,009,136	10,686,467
General and administration	9,140,576	(3,423,954)	(1,144,005)	4,572,617
	\$ 32,459,610	\$ 6,649,771	\$ 5,846,441	\$ 44,955,822

15. Lease commitments:

MAWC is committed to payments, excluding maintenance and operating costs, under operating leases for buildings through 2028. Annual payments are as follows:

2021	\$ 631,861
2022	491,901
2023	412,833
2024	385,379
2025 and thereafter	1,279,862
	\$ 3,201,836

MAKE-A-WISH FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended September 30, 2020

16. Risk management:

Risk management relates to the understanding and active management of risks associated with all areas of MAWC's activities and the associated operating environment. Investments are primarily exposed to market and credit, interest rate, foreign currency and liquidity risks. MAWC has formal policies and procedures that establish target asset mix. MAWC's policies also require diversification of investments within categories and set limits on exposure to individual investments. MAWC revised and adopted a new Statement of Investment Policy and Goals on March 8, 2019. There have been no significant changes to risk exposures from 2019 except for note 16(a).

(a) General economic risk:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have resulted in a decline in revenue and expenses due to the modification of programs, cancellation of events and lockdown measures.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time. These emergency measures and economic impacts could include potential future decreases in revenue and expenses.

(b) Market risk:

The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The value of fixed income securities will vary with developments within the specific companies or governments which issue the securities. MAWC manages this risk through controls to monitor and limit concentration levels.

(c) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by MAWC. Changes in interest rates may also affect the value of equity securities. MAWC's policies for managing this risk are disclosed above.

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Notes to Consolidated Financial Statements (continued)

Year ended September 30, 2020

16. Risk management (continued):

(d) Foreign currency risk:

The value of securities denominated in a currency other than the Canadian dollar will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated. MAWC's investment manager mitigates this risk by limiting concentration levels.

(e) Liquidity risk:

Liquidity risk is the risk that MAWC will be unable to fulfill its obligations on a timely basis or at a reasonable cost. MAWC manages its liquidity risk by monitoring its operating requirements. MAWC prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(f) Credit risk:

MAWC grants credit in the normal course of business and is exposed to credit risk on its accounts receivable. Credit evaluations are performed regularly and the consolidated financial statements take into account an allowance for bad debts.

17. Amalgamation:

The comparative figures for the year ended September 30, 2019 are restated due to the following:

- (a) to combine the MAW Canada, CWF Canada and the Chapters for the purposes of the amalgamation; and
- (b) to restate the financial reporting period to the 12-month period October 1, 2018 to September 30, 2019, as the previous reporting entities reported under different fiscal year ends.

18. Subsequent event:

On December 17, 2020, the Board of Directors approved a motion to transfer the internally restricted funds to unrestricted on account of the fact the funds are designated for the granting of wishes.