

**MAKE-A-WISH NORTHEASTERN &  
CENTRAL CALIFORNIA AND  
NORTHERN NEVADA**

**FINANCIAL STATEMENTS**

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



WEALTH ADVISORY | OUTSOURCING  
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**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Northeastern & Central California  
and Northern Nevada  
Sacramento, California

We have audited the accompanying financial statements of Make-A-Wish Northeastern & Central California and Northern Nevada 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 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 Northeastern & Central California  
and Northern Nevada

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Northeastern & Central California and Northern Nevada as of August 31, 2021 and 2020 and the change in its net assets and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
March 8, 2022

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
STATEMENTS OF FINANCIAL POSITION  
AUGUST 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,131,506	\$ 751,936
Investments	2,513,306	605,792
Due from Related Entities	91,349	80,606
Prepaid Expenses	108,586	98,820
Contributions Receivable, Net	413,427	669,190
Accounts Receivable	-	19,521
Other Assets	4,624	6,217
Investments Held for Long-Term Purposes	1,500,000	1,500,000
Property and Equipment, Net	3,677,935	3,825,569
Beneficial Interest in Assets Held by Others	<u>194,530</u>	<u>169,989</u>
Total Assets	<u><u>\$ 9,635,263</u></u>	<u><u>\$ 7,727,640</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 336,173	\$ 318,480
Due to Related Entities	30,031	54,286
Deferred Revenue	516,405	222,055
Line of Credit	-	100,000
Paycheck Protection Program	446,000	405,000
Notes Payable	<u>672,826</u>	<u>695,434</u>
Total Liabilities	2,001,435	1,795,255
<b>NET ASSETS</b>		
Without Donor Restrictions	3,484,301	2,171,094
With Donor Restrictions	<u>4,149,527</u>	<u>3,761,291</u>
Total Net Assets	<u><u>7,633,828</u></u>	<u><u>5,932,385</u></u>
Total Liabilities and Net Assets	<u><u>\$ 9,635,263</u></u>	<u><u>\$ 7,727,640</u></u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
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	\$ 5,033,179	\$ 247,263	\$ 5,280,442
Grants	219,193	-	219,193
Total Public Support	5,252,372	247,263	5,499,635
Internal Special Events	389,135	-	389,135
Less: Costs of Direct Benefits to Donors	(70,527)	-	(70,527)
Total Internal Special Events	318,608	-	318,608
Change in Beneficial Interest in Assets Held by			
National	-	24,541	24,541
Investment Income (Loss), Net	16,624	370,331	386,955
Forgiveness of Paycheck Protection Program Loan	405,000	-	405,000
Other Income (Loss)	(6,114)	-	(6,114)
Net Assets Released from Restrictions	253,899	(253,899)	-
Total Revenues, Gains, and Other Support	6,240,389	388,236	6,628,625
<b>EXPENSES</b>			
Program Services:			
Wish Granting	2,675,562	-	2,675,562
Training and Development	127,173	-	127,173
Public Information	416,201	-	416,201
Total Program Services	3,218,936	-	3,218,936
Support Services:			
Fundraising	1,102,095	-	1,102,095
Management and General	606,151	-	606,151
Total Support Services	1,708,246	-	1,708,246
Total Expenses	4,927,182	-	4,927,182
<b>CHANGE IN NET ASSETS</b>	1,313,207	388,236	1,701,443
Net Assets - Beginning of Year	2,171,094	3,761,291	5,932,385
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,484,301</u>	<u>\$ 4,149,527</u>	<u>\$ 7,633,828</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
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	\$ 3,722,153	\$ -	\$ 3,722,153
Grants	811,712	-	811,712
Total Public Support	4,533,865	-	4,533,865
Internal Special Events	823,370	-	823,370
Less: Costs of Direct Benefits to Donors	(419,650)	-	(419,650)
Total Internal Special Events	403,720	-	403,720
Change in Beneficial Interest in Assets Held by			
National	-	14,334	14,334
Investment Income, Net	124,700	110,395	235,095
Management Fee	10,000	-	10,000
Other Income	9,889	-	9,889
Net Assets Released from Restrictions	828,972	(828,972)	-
Total Revenues, Gains, and Other Support	5,911,146	(704,243)	5,206,903
<b>EXPENSES</b>			
Program Services:			
Wish Granting	3,615,084	-	3,615,084
Training and Development	138,831	-	138,831
Public Information	371,147	-	371,147
Total Program Services	4,125,062	-	4,125,062
Support Services:			
Fundraising	2,077,237	-	2,077,237
Management and General	650,327	-	650,327
Total Support Services	2,727,564	-	2,727,564
Total Expenses	6,852,626	-	6,852,626
<b>CHANGE IN NET ASSETS</b>	(941,480)	(704,243)	(1,645,723)
Net Assets - Beginning of Year	3,112,574	4,465,534	7,578,108
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,171,094</u>	<u>\$ 3,761,291</u>	<u>\$ 5,932,385</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED AUGUST 31, 2021**

	Program Services				Support Services			Direct	
	Wish	Training and	Public	Total	Fundraising	Management	Total	Donor Benefits	Total
	Granting	Development	Information	Program Services		and General	Support Services		
Direct Costs of Wishes	\$ 1,243,280	\$ -	\$ -	\$ 1,243,280	\$ 62	\$ -	\$ 62	\$ -	\$ 1,243,342
Salaries, Taxes, and Benefits	853,796	124,383	373,302	1,351,481	798,266	419,208	1,217,474	-	2,568,955
Printing, Subscriptions, and Publications	6,930	-	25,748	32,678	5,438	1,503	6,941	-	39,619
Professional Fees	34,513	1,999	4,457	40,969	22,953	27,336	50,289	-	91,258
Rent and Utilities	69,125	-	-	69,125	38,323	21,065	59,388	-	128,513
Postage and Delivery	4,632	101	279	5,012	3,079	707	3,786	-	8,798
Travel	4,748	292	5,224	10,264	23,774	326	24,100	-	34,364
Meetings and Conferences	4,229	153	2,853	7,235	17,643	1,230	18,873	-	26,108
Office Supplies	19,941	195	1,816	21,952	11,517	10,005	21,522	-	43,474
Communications	35,757	-	-	35,757	19,806	10,900	30,706	-	66,463
Repairs and Maintenance	15,650	-	45	15,695	10,032	4,662	14,694	-	30,389
Bad Debt Expense	-	-	-	-	19,189	18,428	37,617	-	37,617
Insurance	1,221	-	-	1,221	644	355	999	-	2,220
National Partnership Dues	265,941	-	-	265,941	43,126	50,313	93,439	-	359,380
Miscellaneous	28,569	50	2,477	31,096	39,790	11,836	51,626	-	82,722
Interest	12,651	-	-	12,651	7,027	3,867	10,894	-	23,545
Depreciation and Amortization	74,579	-	-	74,579	41,426	24,410	65,836	-	140,415
Special Event - Direct Donor Benefits	-	-	-	-	-	-	-	70,527	70,527
Total Expenses by Function	2,675,562	127,173	416,201	3,218,936	1,102,095	606,151	1,708,246	70,527	4,997,709
Less: Expenses Netted Against Revenues on the Statement of Activities:									
Special Event Expenses	-	-	-	-	-	-	-	(70,527)	(70,527)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,675,562</u>	<u>\$ 127,173</u>	<u>\$ 416,201</u>	<u>\$ 3,218,936</u>	<u>\$ 1,102,095</u>	<u>\$ 606,151</u>	<u>\$ 1,708,246</u>	<u>\$ -</u>	<u>\$ 4,927,182</u>

See accompanying Notes to Financial Statements.



**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED AUGUST 31, 2020**

	Program Services				Support Services			Direct Donor Benefits	Total
	Wish Granting	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 1,946,525	\$ -	\$ -	\$ 1,946,525	\$ -	\$ -	\$ -	\$ -	\$ 1,946,525
Salaries, Taxes, and Benefits	1,006,998	129,195	322,838	1,459,031	957,742	439,444	1,397,186	-	2,856,217
Printing, Subscriptions, and Publications	557	969	10,800	12,326	11,370	386	11,756	-	24,082
Professional Fees	51,231	1,131	11,852	64,214	51,699	25,328	77,027	-	141,241
Rent and Utilities	64,862	-	418	65,280	40,200	37,648	77,848	-	143,128
Postage and Delivery	3,136	351	97	3,584	4,497	2,565	7,062	-	10,646
Travel	25,537	1,726	5,260	32,523	61,004	3,237	64,241	-	96,764
Meetings and Conferences	19,918	1,540	4,384	25,842	35,561	8,386	43,947	-	69,789
Office Supplies	18,039	31	2,074	20,144	13,145	743	13,888	-	34,032
Communications	37,290	767	1,853	39,910	22,928	16,265	39,193	-	79,103
Advertising and Media (Cash)	-	-	3,569	3,569	9,300	-	9,300	-	12,869
Repairs and Maintenance	3,742	-	-	3,742	2,301	2,073	4,374	-	8,116
Bad Debts Expense	-	-	-	-	710,894	-	710,894	-	710,894
Insurance	-	-	-	-	-	2,220	2,220	-	2,220
National Partnership Dues	294,073	-	-	294,073	47,687	55,635	103,322	-	397,395
Miscellaneous	48,098	3,121	8,002	59,221	55,294	22,336	77,630	-	136,851
Interest	17,143	-	-	17,143	10,194	3,108	13,302	-	30,445
Depreciation and Amortization	77,935	-	-	77,935	43,421	30,953	74,374	-	152,309
Special Event - Direct Donor Benefits	-	-	-	-	-	-	-	419,650	419,650
Total Expenses by Function	3,615,084	138,831	371,147	4,125,062	2,077,237	650,327	2,727,564	419,650	7,272,276
Less: Expenses Netted Against Revenues on the Statement of Activities:									
Special Event Expenses	-	-	-	-	-	-	-	(419,650)	(419,650)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,615,084</u>	<u>\$ 138,831</u>	<u>\$ 371,147</u>	<u>\$ 4,125,062</u>	<u>\$ 2,077,237</u>	<u>\$ 650,327</u>	<u>\$ 2,727,564</u>	<u>\$ -</u>	<u>\$ 6,852,626</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
STATEMENTS OF CASH FLOWS  
YEARS ENDED AUGUST 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,701,443	\$ (1,645,723)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	140,415	152,309
Forgiveness of Paycheck Protection Program Loan	(405,000)	-
Bad Debt Expense and Other	37,618	710,894
Contributions Restricted for Long-Term Investment	(10,000)	(20,000)
Net Realized and Unrealized Gains on Investments	(356,996)	(195,607)
Noncash Contributions Related to Asset Acquisition	7,219	-
Change in Beneficial Interest in Asset Held by National	(30,358)	(14,334)
Change in Discount to Present Value of Contributions Receivable	2,920	(5,320)
(Increase) Decrease in Assets:		
Contributions Receivable	215,225	298,558
Due from Related Entities	(10,743)	4,842
Prepaid Expenses	(9,766)	69,664
Accounts Receivable	19,521	(19,521)
Other Assets	1,593	-
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	17,693	(241,440)
Due to Related Entities	(24,255)	(15,658)
Deferred Revenue	294,350	222,055
Net Cash Provided (Used) by Operating Activities	<u>1,590,879</u>	<u>(699,281)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(4,358,745)	(2,030,210)
Purchase of Beneficial Interest in Assets Held by Others	(2,980)	-
Proceeds from Sales of Investments	2,808,227	2,620,960
Disposition of Assets Held at Community Foundation	8,797	-
Net Cash Provided (Used) by Investing Activities	<u>(1,544,701)</u>	<u>590,750</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Restricted for Long-Term Investment	10,000	20,000
Proceeds from Notes Payable/Line of Credit	553	150,000
Proceeds from Paycheck Protection Program Loan	446,000	405,000
Principal Payments on Notes Payable/Line of Credit	(123,161)	(71,710)
Net Cash Provided by Financing Activities	<u>333,392</u>	<u>503,290</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	379,570	394,759
Cash and Cash Equivalents - Beginning of Year	<u>751,936</u>	<u>357,177</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 1,131,506</u></u>	<u><u>\$ 751,936</u></u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest Expense	<u>\$ 23,545</u>	<u>\$ 30,445</u>
Contributed for Long-Term Investment	<u>\$ 10,000</u>	<u>\$ 20,000</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2021 AND 2020**

**NOTE 1 ORGANIZATION**

Make-A-Wish Northeastern & Central California and Northern Nevada (the Foundation) is a California 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.

**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.

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 NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
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 of greater than \$2,500 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 40 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.

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances indicate a long-lived asset may be impaired, the asset value will be reduced to fair value. Fair value is determined through various valuation techniques including quoted market values and third-party independent appraisals, as considered necessary.

**Fair Value Measurements**

Fair value measurements of financial assets and financial liabilities and fair value measurements of nonfinancial items are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

*Level 1* – Unadjusted quoted prices in active markets for identical assets (or liabilities) that the reporting entity has the ability to access at the measurement date.

*Level 2* – Prices for a similar asset (or liability), other than quoted prices included in Level 1 inputs, that are observable for the asset (or liability), either directly or indirectly. If the asset (or liability) has a specified term, a Level 2 input must be observable for substantially the full term of the asset (or liability).

*Level 3* – Unobservable inputs for the asset (or liability) used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset (or liability) at measurement date.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
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 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-kinds and other income.

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was approximately \$-0- 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.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2021 AND 2020**

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

**Revenue Recognition (Continued)**

Conditional promises to give are not recognized as contribution revenue and receivables until the conditions have been substantially met. There were no conditional promises outstanding for the years ended August 31, 2021 and 2020.

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	\$ 184,508	\$ -	\$ -	\$ 184,508
Special Events				552
Other				436
Total				<u>\$ 185,496</u>
	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2020</u>				
Wish Related	\$ 730,016	\$ -	\$ -	\$ 730,016
Special Events				185,419
Total				<u>\$ 915,435</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.

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

**Income Taxes**

The Foundation is a nonprofit organization exempt from federal income and California franchise 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 five functions: wish granting, training and development, public information, fundraising, and management and general. Definitions of these functions are as follows:

**Wish Granting**

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

**Training and Development**

Activities performed by the Foundation include, but are not limited to, implementing programs that support the identification of wish candidates and the determination and delivery of the wish.

**Public Information**

Activities performed by the Foundation in communicating the purpose and services of the Foundation to all potential sources of wish referrals.

**Fundraising**

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

**Management and General**

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

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

**Functional Expenses (Continued)**

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 Revenue**

The Foundation received revenue for fundraising special events for which the events were cancelled during the year. The Foundation worked with donors to have the funds apply to a future event, and therefore has deferred the revenue until the future event takes place.

**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) 2014-09, *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.



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**NOTE 3 LIQUIDITY AND AVAILABILITY**

The Foundation monitors liquidity regularly through the monthly financial package provided to the board and through the enterprise-wide Benchmarks of Excellence. Holding 6 to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

	2021	2020
Total Financial Assets	\$ 5,844,118	\$ 3,777,513
Donor-Imposed Restrictions:		
Restricted Funds	(424,882)	(751,170)
Endowments	<u>(3,724,645)</u>	<u>(3,010,121)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,694,591</u>	<u>\$ 16,222</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.

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.

Board-designated endowment of \$308,661 and \$192,563, respectively, at August 31, 2021 and 2020 are included in financial assets above. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation), these amounts could be made available if necessary.

**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.

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**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value of Financial Instruments (Continued)**

However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

**Overall Investment Objective**

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

**Fair Value Hierarchy**

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

	Level 1	Level 2	Level 3	Assets Not Measured At Fair Value	Total
<u>August 31, 2021</u>					
<b>Assets</b>					
Investments:					
Mutual Funds	\$ 1,683,789	\$ -	\$ -	\$ -	\$ 1,683,789
Exchange-Traded Funds	1,130,444	-	-	-	1,130,444
Equity Securities	1,144,782	-	-	-	1,144,782
Money Market Funds	-	-	-	54,291	54,291
Beneficial Interest in Assets	-	-	194,530	-	194,530
Total Assets	<u>\$ 3,959,015</u>	<u>\$ -</u>	<u>\$ 194,530</u>	<u>\$ 54,291</u>	<u>\$ 4,207,836</u>
	Level 1	Level 2	Level 3	Assets Not Measured At Fair Value	Total
<u>August 31, 2020</u>					
<b>Assets</b>					
Investments:					
Mutual Funds	\$ 713,582	\$ -	\$ -	\$ -	\$ 713,582
Exchange-Traded Funds	150,944	-	-	-	150,944
Real Estate	19,110	-	-	-	19,110
Equity Securities	1,190,132	-	-	-	1,190,132
Money Market Funds	-	-	-	32,024	32,024
Beneficial Interest in Assets	-	-	169,989	-	169,989
Total Assets	<u>\$ 2,073,768</u>	<u>\$ -</u>	<u>\$ 169,989</u>	<u>\$ 32,024</u>	<u>\$ 2,275,781</u>

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**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value Hierarchy (Continued)**

For the valuation of beneficial interest in assets held by National at August 31, 2021 and 2020, the Foundation used significant unobservable inputs (Level 3). The Foundation had \$2,980 and \$-0- of purchases into Level 3 investments and \$8,797 and \$-0- of sales for the years ended August 31, 2021 and 2020.

The following table describes the valuation techniques used to calculate fair value for assets in Level 3. There were no changes in valuation techniques and related inputs from the prior year.

Quantitative Information About Level 3 Fair Value Measurements			
Type of Assets	Fair Value at August 31, 2021	Principal Valuation Technique	Unobservable Inputs
Beneficial Interests in Assets Held by Others	\$ 194,530	FMV of Assets	Value of Underlying Assets
Total	<u>\$ 194,530</u>		
Type of Assets	Fair Value at August 31, 2020	Principal Valuation Technique	Unobservable Inputs
Beneficial Interests in Assets Held by Others	\$ 169,989	FMV of Assets	Value of Underlying Assets
Total	<u>\$ 169,989</u>		

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

Contributions receivable include pledges that have been discounted at 4.25% at August 31, 2021 and 2020. The following is a summary of the Foundation's contributions receivable at August 31:

	2021	2020
Total Amounts Due in:		
Within One Year	\$ 301,894	\$ 520,140
One to Five Years	59,840	113,880
More than Five Years	<u>130,000</u>	<u>130,000</u>
Gross Contributions Receivable	491,734	764,020
Less: Allowance for Doubtful Accounts	(24,598)	(38,201)
Less: Discount to Present Value	<u>(53,709)</u>	<u>(56,629)</u>
Contributions Receivable, Net	<u>\$ 413,427</u>	<u>\$ 669,190</u>

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**NOTE 6 SPLIT-INTEREST AGREEMENTS**

**Beneficial Interest in Assets Held by National**

The Foundation is a named income beneficiary in a perpetual trust, the corpus of which is held by the National Organization and is not controlled by the management of the Foundation. Under this arrangement, the Foundation has the irrevocable right to receive a portion of the income earned on the underlying assets held in perpetuity. Accordingly, with donor-restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation received notice that the trust agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets have been recorded in the accompanying statement of activities as a change in value of beneficial interest in assets held by National.

The Foundation's beneficial interest in the trust is \$194,530 and \$169,989 as of August 31, 2021 and 2020, respectively.

**NOTE 7 TRANSACTIONS WITH RELATED ENTITIES**

The Foundation received the following distributions from the National Organization for the years ended August 31:

	2021	2020
Corporate, Online, Whitemail, and General Contributions	\$ 1,121,723	\$ 887,724
Gifts and Travel Reimbursements	-	1,500
Adopt-A-Wish	58,970	11,470
High Cost Wishes	17,619	5,000
Grant	-	1,500
Wish Fulfillment Fund	-	13,830
Other	7,295	7,563
Total Distributions Received	<u>\$ 1,205,607</u>	<u>\$ 928,587</u>

These amounts are recorded in the Statements of Activities as public support revenue.

The Foundation paid to the National Organization the following amounts for the years ended August 31:

	2021	2020
Chapter Dues	\$ 359,380	\$ 397,395
Services and Other	54,230	43,375
Total Amounts Paid	<u>\$ 413,610</u>	<u>\$ 440,770</u>

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 \$-0- and \$1,200, respectively, for the years ended August 31, 2021 and 2020, which is recorded in the accompanying statements of activities as other income.

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**NOTE 7 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)**

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

	2021	2020
Due from National Organization	\$ 90,924	\$ 78,440
Due from Other Chapters	425	2,166
Total Due from Related Entities	<u>\$ 91,349</u>	<u>\$ 80,606</u>
Due to National Organization	\$ 4,206	\$ 54,286
Due to Other Chapters	25,825	-
Total Due to Related Entities	<u>\$ 30,031</u>	<u>\$ 54,286</u>

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

During the years ended August 31, 2021 and 2020, the Foundation received contributions, both cash and in-kind, from board members totaling \$79,400 and \$93,601, respectively. At August 31, 2021 and 2020, amounts due from board members totaled \$57,500 and \$34,500, respectively, and are included in contributions receivable in the accompanying statements of financial position.

**NOTE 8 PROPERTY AND EQUIPMENT, NET**

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

	2021	2020
Land	\$ 659,143	\$ 659,143
Buildings and Building Improvements	4,280,098	4,280,098
Computer Equipment and Software	109,300	159,674
Office Furniture	97,519	65,672
Other Equipment	-	73,518
Automobiles	18,830	18,830
Total	5,164,890	5,256,935
Less: Accumulated Depreciation and Amortization	(1,486,955)	(1,431,366)
Property and Equipment, Net	<u>\$ 3,677,935</u>	<u>\$ 3,825,569</u>

Depreciation and amortization expense totaled \$140,415 and \$152,309, respectively for the years ended August 31, 2021 and 2020.

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**NOTE 9 NOTES PAYABLE**

The Foundation has an unsecured line of credit with a financial institution totaling \$150,000, bearing interest at the Prime rate plus 1% and expires on January 24, 2023. The Prime rate was 4.25% at August 31, 2021. There was \$-0- and \$100,000 outstanding on this line of credit as of August 31, 2021 and 2020, respectively. The line of credit is subject to various financial and nonfinancial covenants.

On June 16, 2012, the Foundation entered into a note payable with a financial institution totaling \$700,000. The note bears interest at 4.25%, requires principal payments in equal monthly installments of \$3,816 and a balloon payment of the remaining balance on June 18, 2022, and is secured by the building. The note payable is reflected as current and payable in 2022.

In addition, the Foundation entered into a note payable with the U.S. Small Business Administration totaling \$150,000. The note bears interest at 2.75%, requires principal payments in equal monthly installments of \$641. The note is due on June 18, 2050.

The remaining principal payments subsequent to August 31, 2021 are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2022	\$ 526,356
2023	3,628
2024	3,729
2025	3,833
2026	-
Thereafter	135,280
Total	<u>\$ 672,826</u>

**NOTE 10 LEASES**

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through February 28, 2025. Total rent expense for all operating leases for the years ended August 31, 2021 and 2020 totaled \$76,978 and \$49,329, respectively. On February 17, 2022, the Foundation extended their office space lease from April 30, 2022 to April 30, 2023 with monthly payments of \$2,300.

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

<u>Year Ending August 31,</u>	<u>Operating Leases</u>
2022	\$ 36,280
2023	17,880
2024	17,880
2025	10,430
Total Minimum Lease Payments	<u>\$ 82,470</u>

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**NOTE 11 NET ASSETS**

**Net Assets With Donor Restrictions**

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

	<u>2021</u>	<u>2020</u>
Subject to Passage of Time:		
Beneficial Interests in Charitable Trusts Held by Others	\$ 194,530	\$ 169,989
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	<u>230,352</u>	<u>539,336</u>
Total	<u>424,882</u>	<u>709,325</u>
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	674,601	1,922
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
General Operations	3,030,044	3,020,044
Promises to Give Restricted to Endowment	<u>20,000</u>	<u>30,000</u>
Total	<u>3,724,645</u>	<u>3,051,966</u>
 Total Donor-Restricted Net Assets	 <u><u>\$ 4,149,527</u></u>	 <u><u>\$ 3,761,291</u></u>

**NOTE 12 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 one 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 held for long-term purposes on the statements of financial position.

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**NOTE 12 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law**

The board of directors of the Foundation has interpreted the California 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

Endowment fund composition by type of fund as of August 31 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>August 31, 2021</u>			
Donor-Restricted Endowment Funds	\$ 308,661	\$ 3,724,645	\$ 4,033,306
Total Funds	<u>\$ 308,661</u>	<u>\$ 3,724,645</u>	<u>\$ 4,033,306</u>
<u>August 31, 2020</u>			
Donor-Restricted Endowment Funds	\$ 192,563	\$ 3,021,966	\$ 3,214,529
Total Funds	<u>\$ 192,563</u>	<u>\$ 3,021,966</u>	<u>\$ 3,214,529</u>



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**NOTE 12 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

Changes in endowment funds are as follows for the years ended August 31:

August 31, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ 192,563	\$ 3,021,966	\$ 3,214,529
Investment Return:			
Investment Income	2,322	24,461	26,783
Net Appreciation (Realized and Unrealized)	32,832	345,870	378,702
Total Investment Return	35,154	370,331	405,485
Contributions	80,944	247,263	328,207
Endowment Loan Interest	-	85,085	85,085
Appropriation of Endowment Asset for Expenditure	-	-	-
Endowment Funds - End of Year	\$ 308,661	\$ 3,724,645	\$ 4,033,306

August 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ 166,891	\$ 3,010,121	\$ 3,177,012
Investment Return:			
Investment Income	2,619	50,295	52,914
Net Appreciation (Realized and Unrealized)	13,053	70,100	83,153
Total Investment Return	15,672	120,395	136,067
Contributions	10,000	-	10,000
Appropriation of Endowment Asset for Expenditure	-	(108,550)	(108,550)
Endowment Funds - End of Year	\$ 192,563	\$ 3,021,966	\$ 3,214,529

On August 15 2020, the Foundation board of directors authorized management to borrow \$1,500,000 from the endowment to pay for general operations. This was repaid during the year ending August 31, 2021 at an annual 4.25% interest rate. This is reflected as an Endowment Loan Interest in the above table.

**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. There are no fund deficiencies as of August 31, 2021 and 2020.

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**NOTE 12 ENDOWMENTS (CONTINUED)**

**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(s) 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 [if none, delete]. 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 provide an average rate of return equal to or greater than the rate of inflation (Consumer Price Index) plus any spending and administrative expenses thus, at a minimum, maintaining the purchasing power of those assets managed by the Foundation. 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.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior 12 quarters 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 of 5% annually. 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 13 RETIREMENT PLAN**

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code limitations. The Foundation matches employee contributions up to 3% of the employee's salary. The Foundation amended the Plan effective January 1, 2019 to make it a safe harbor plan with 4% matching contributions. Foundation contributions to the Plan for the year ended August 31, 2021 and 2020 were \$67,655 and \$55,161, respectively.

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**NOTE 14 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.

Contributions totaling \$2,200,404 were received from two donors, for the year ended August 31, 2021, which represents 37% of raised revenue which consists of total public support and gross internal special event revenue. There were no concentrations of revenue for the year ended August 31, 2020. Should these contribution levels decrease, the Foundation may be adversely affected.

Pledges receivable from three donors represent 71% of the total pledges receivable at August 31, 2021. Pledges receivable from two donors represent 41% of the total pledges receivable as of August 31, 2020.

**NOTE 15 LITIGATION AND CLAIMS**

The Foundation is periodically involved in litigation and claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position, change in net assets, or liquidity.

**NOTE 16 COMMITMENTS**

The goal of the Foundation is to grant the wish of every eligible child. During the years ending August 31, 2021 and 2020, the Foundation granted 232 and 184 wishes, respectively. As of August 31, 2021 and 2020, respectively, there were approximately 789 and 767 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2021 was \$4,510 in cash and \$2,287 in in-kind for a total cost of \$6,797. The average cost of a wish for the year ended August 31, 2020 was \$5,749 in cash and \$5,030 in in-kind for a total cost of \$10,779.

**NOTE 17 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.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2021 AND 2020**

**NOTE 17 RISKS AND UNCERTAINTIES (CONTINUED)**

As of August 31, 2021, with the exception of regional travel, travel wishes are still paused. Prior to fiscal year 2020, travel wishes have been approximately 77% of wishes granted and the number of granted wishes averaged approximately 408. The number of wishes granted in the years ended August 31, 2021 and 2020 was 232 and 184.

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 18 PAYCHECK PROTECTION PROGRAM**

The Foundation applied for and was approved for a \$405,000 loan under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was received on April 16, 2020. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation received forgiveness of \$405,000 on February 8, 2021.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$446,000 loan. The loan was received on February 4, 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 \$446,000 on January 4, 2022.

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 19 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through March 8, 2022, the date at which the financial statements were available to be issued.

