

**MAKE-A-WISH FOUNDATION® OF WISCONSIN**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED AUGUST 31, 2022 AND 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of Wisconsin  
Wauwatosa, Wisconsin

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Wisconsin (a nonprofit organization), which comprise the statements of financial position as of August 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of Wisconsin as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Make-A-Wish Foundation® of Wisconsin and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Make-A-Wish Foundation® of Wisconsin's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Make-A-Wish Foundation® of Wisconsin's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Make-A-Wish Foundation® of Wisconsin's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
February 9, 2023

**MAKE-A-WISH FOUNDATION® OF WISCONSIN**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,004,355	\$ 1,184,514
Investments	5,304,451	5,863,535
Due from Related Entities	158,274	71,327
Prepaid Expenses	376,603	277,348
Contributions Receivable, Net	1,243,020	899,257
Other Assets	93,574	187,199
Investments Held for Long-Term Purposes	11,177,388	11,763,032
Property and Equipment, Net	329,861	421,632
Beneficial Interest in Assets Held by Others	169,690	207,990
	<b>\$ 19,857,216</b>	<b>\$ 20,875,834</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 491,888	\$ 385,570
Due to Related Entities	55,350	10,246
Other Liabilities	61,060	290,075
Deferred Rent	226,868	274,185
Paycheck Protection Program	-	269,797
Total Liabilities	835,166	1,229,873
<b>NET ASSETS</b>		
Without Donor Restrictions	16,863,391	17,819,091
With Donor Restrictions	2,158,659	1,826,870
Total Net Assets	19,022,050	19,645,961
	<b>\$ 19,857,216</b>	<b>\$ 20,875,834</b>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF WISCONSIN**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Cash	\$ 4,614,191	\$ 326,274	\$ 4,940,465
Contributions, Donated Goods and Services	1,253,539	337,468	1,591,007
Grants	753,027	-	753,027
Total Public Support	6,620,757	663,742	7,284,499
Internal Special Events, Cash	3,076,516	-	3,076,516
Internal Special Events, Donated Goods and Services	255,900	-	255,900
Less: Costs of Direct Benefits to Donors	(544,592)	-	(544,592)
Total Internal Special Events	2,787,824	-	2,787,824
Investment Loss, Net	(2,168,475)	(30,982)	(2,199,457)
Forgiveness of Paycheck Protection Program Loan	269,797	-	269,797
Other Income	1,650	-	1,650
Net Assets Released from Restrictions	300,971	(300,971)	-
Total Revenues, Gains, and Other Support	7,812,524	331,789	8,144,313
<b>EXPENSES</b>			
Program Services:			
Wish Granting	6,241,668	-	6,241,668
Support Services:			
Fundraising	1,512,360	-	1,512,360
Management and General	1,014,196	-	1,014,196
Total Support Services	2,526,556	-	2,526,556
Total Expenses	8,768,224	-	8,768,224
<b>CHANGE IN NET ASSETS</b>	(955,700)	331,789	(623,911)
Net Assets - Beginning of Year	17,819,091	1,826,870	19,645,961
<b>NET ASSETS - END OF YEAR</b>	\$ 16,863,391	\$ 2,158,659	\$ 19,022,050

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF WISCONSIN**  
**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, Cash	\$ 4,015,771	\$ 775,172	\$ 4,790,943
Contributions, Donated Goods and Services	530,591	66,630	597,221
Grants	426,119	-	426,119
Total Public Support	4,972,481	841,802	5,814,283
Internal Special Events, Cash	1,961,662	-	1,961,662
Internal Special Events, Donated Goods and Services	166,959	-	166,959
Less Costs of Direct Benefits to Donors	(386,635)	-	(386,635)
Total Internal Special Events	1,741,986	-	1,741,986
Investment Income, Net	3,059,574	33,100	3,092,674
Forgiveness of Paycheck Protection Program Loan	365,537	-	365,537
Other Income	800	-	800
Net Assets Released from Restrictions	203,615	(203,615)	-
Total Revenues, Gains, and Other Support	10,343,993	671,287	11,015,280
<b>EXPENSES</b>			
Program Services:			
Wish Granting	3,869,011	-	3,869,011
Support Services:			
Fundraising	1,343,831	-	1,343,831
Management and General	880,013	-	880,013
Total Support Services	2,223,844	-	2,223,844
Total Expenses	6,092,855	-	6,092,855
<b>CHANGE IN NET ASSETS</b>	4,251,138	671,287	4,922,425
Net Assets - Beginning of Year	13,567,953	1,155,583	14,723,536
<b>NET ASSETS - END OF YEAR</b>	\$ 17,819,091	\$ 1,826,870	\$ 19,645,961

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF WISCONSIN**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2022**

	Program Services		Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services	Total		
Direct Costs of Wishes	\$ 3,778,009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,778,009
Salaries, Taxes, and Benefits	722,798	964,282	668,699	1,632,981	-	-	2,355,779
Printing, Subscriptions, and Publications	31,977	113,287	14,896	128,183	-	-	160,160
Professional Fees	35,728	42,762	101,301	144,063	-	-	179,791
Rent and Utilities	71,064	65,597	46,374	111,971	-	-	183,035
Postage and Delivery	27,501	45,593	15,533	61,126	-	-	88,627
Travel	1,253	11,496	4,947	16,443	-	-	17,696
Meetings and Conferences	10,220	22,273	8,199	30,472	-	-	40,692
Office Supplies	68,393	10,365	4,541	14,906	-	-	83,299
Communications	17,305	16,224	11,593	27,817	-	-	45,122
Advertising and Media (Cash)	-	5,234	-	5,234	-	-	5,234
Advertising and Media (In-Kind)	-	7,500	-	7,500	-	-	7,500
Repairs and Maintenance	5,514	3,389	2,378	5,767	-	-	11,281
Bad Debt Expense	-	4,890	-	4,890	-	-	4,890
Membership Dues	2,541	4,330	2,936	7,266	-	-	9,807
Grants and Scholarships	1,000,000	-	-	-	-	-	1,000,000
National Partnership Dues	417,005	75,293	86,876	162,169	-	-	579,174
Miscellaneous	14,867	85,236	21,799	107,035	-	-	121,902
Depreciation and Amortization	37,493	34,609	24,124	58,733	-	-	96,226
Special Event - Direct Donor Benefits	-	-	-	-	544,592	-	544,592
Total Expenses by Function	6,241,668	1,512,360	1,014,196	2,526,556	544,592	544,592	9,312,816
Less Expenses Netted Against Revenues on the Statement of Activities:							
Special Event Expenses	-	-	-	-	(544,592)	(544,592)	(544,592)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 6,241,668	\$ 1,512,360	\$ 1,014,196	\$ 2,526,556	\$ -	\$ -	\$ 8,768,224

See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION® OF WISCONSIN**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2021**

	Program Services		Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services			
Direct Costs of Wishes	\$ 2,164,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,164,560
Salaries, Taxes, and Benefits	666,591	883,613	605,847	1,489,460	-	-	2,156,051
Printing, Subscriptions, and Publications	20,410	102,456	12,803	115,259	-	-	135,669
Professional Fees	15,141	12,134	69,355	81,489	-	-	96,630
Rent and Utilities	65,743	65,858	43,327	109,185	-	-	174,928
Postage and Delivery	19,628	36,810	12,844	49,654	-	-	69,282
Travel	93	3,496	432	3,928	-	-	4,021
Meetings and Conferences	1,365	9,566	1,068	10,634	-	-	11,999
Office Supplies	7,265	7,467	3,086	10,553	-	-	17,818
Communications	20,337	19,755	13,512	33,267	-	-	53,604
Advertising and Media (Cash)	-	560	-	560	-	-	560
Advertising and Media (In-Kind)	-	9,150	-	9,150	-	-	9,150
Repairs and Maintenance	4,329	4,358	2,670	7,028	-	-	11,357
Bad Debt Expense	-	14,301	-	14,301	-	-	14,301
Membership Dues	1,685	3,752	1,124	4,876	-	-	6,561
Grants and Scholarships	500,000	-	-	-	-	-	500,000
National Partnership Dues	337,127	60,870	70,235	131,105	-	-	468,232
Miscellaneous	-	65,006	14,509	79,515	-	-	79,515
Depreciation and Amortization	44,737	44,679	29,201	73,880	-	-	118,617
Special Event - Direct Donor Benefits	-	-	-	-	386,635	-	386,635
<b>Total Expenses by Function</b>	<b>3,869,011</b>	<b>1,343,831</b>	<b>880,013</b>	<b>2,223,844</b>	<b>386,635</b>	<b>386,635</b>	<b>6,479,490</b>
Less Expenses Netted Against Revenues on the Statement of Activities:							
Special Event Expenses	-	-	-	-	(386,635)	-	(386,635)
<b>Total Expenses Included in the Expense Section of the Statement of Activities</b>	<b>\$ 3,869,011</b>	<b>\$ 1,343,831</b>	<b>\$ 880,013</b>	<b>\$ 2,223,844</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,092,855</b>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF WISCONSIN**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (623,911)	\$ 4,922,425
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	96,226	118,617
Forgiveness of Paycheck Protection Program Loan	(269,797)	(365,537)
Net Realized and Unrealized Gain (Loss) on Investments	2,417,867	(2,818,879)
Loss on Sale of Property and Equipment	75	-
Change in Value of Beneficial Interest in Assets Held by Others	38,300	(26,091)
(Increase) Decrease in Assets:		
Change in Discount to Present Value of Contributions Receivable	3,201	-
Accounts Receivable	-	-
Contributions Receivable	(346,964)	(701,949)
Due from Related Entities	(86,947)	147,597
Prepaid Expenses	(99,255)	(83,702)
Other Assets	93,625	(139,281)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	106,318	224,523
Due to Related Entities	45,104	(12,385)
Other Liabilities	(229,015)	61,440
Deferred Rent	(47,317)	(48,807)
Net Cash Provided by Operating Activities	1,097,510	1,277,971
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(2,912,992)	(2,560,083)
Proceeds from Sales of Investments	1,639,853	1,301,847
Purchases of Property and Equipment	(4,530)	(24,218)
Net Cash Used by Investing Activities	(1,277,669)	(1,282,454)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program Loan	-	269,797
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(180,159)	265,314
Cash and Cash Equivalents - Beginning of Year	1,184,514	919,200
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,004,355	\$ 1,184,514
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Contributed Property and Inventory	\$ -	\$ 115,880

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of Wisconsin (the Foundation) is a Wisconsin 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 implements national programs in public relations and fundraising for the benefit of all local chapters. In addition, 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 FOUNDATION® OF WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

**Property and Equipment, Net**

Property and equipment having a unit cost greater than \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally three to five years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease. 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 FOUNDATION® OF WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

**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.

*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.

**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 \$544,592 and \$386,635 for the years ended August 31, 2022 and 2021, respectively. 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 FOUNDATION® OF WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

**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. The Foundation did not have any conditional promises outstanding for the years ended August 31, 2022 and 2021, respectively.

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, 2022</u>				
Wish Related	\$ 1,196,108	\$ -	\$ -	\$ 1,196,108
Professional Services	11,154	10,296	7,150	28,600
Rent	14,588	13,465	9,333	37,386
Advertising and Media	-	7,500	-	7,500
Other	68,361	65,970	17,827	152,158
Total	<u>\$ 1,290,211</u>	<u>\$ 97,231</u>	<u>\$ 34,310</u>	<u>1,421,752</u>
Internal Special Events				215,800
Inventory (Asset)				(69,134)
In-Kind Receivable (Net Change)				278,489
Total				<u>\$ 1,846,907</u>
<u>August 31, 2021</u>				
Wish Related	\$ 340,765	\$ -	\$ -	\$ 340,765
Professional Services	2,442	2,442	1,542	6,426
Rent	11,872	11,851	7,596	31,319
Advertising and Media	-	9,150	-	9,150
Other	21,486	51,324	18,500	91,310
Total	<u>\$ 376,565</u>	<u>\$ 74,767</u>	<u>\$ 27,638</u>	<u>478,970</u>
Internal Special Events				166,959
Inventory (Asset)				115,880
In-Kind Receivable (Asset)				2,371
Total				<u>\$ 764,180</u>

Wish related in-kinds consist of donated travel, goods and other services used in the delivery of wishes. The Foundation estimates the fair value of wish related in-kinds on the basis of estimates of the current market rates for similar travel, goods and other services in the Foundation's market. Professional services are valued and reported at the estimated fair value based on current rates for similar services.

**MAKE-A-WISH FOUNDATION® OF WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

**Revenue Recognition (Continued)**

Donated rent is valued and reported at the estimated fair value on the basis of comparable lease agreements in the Foundation's market.

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. The Foundation estimates the fair value of these donated items based on the current market rates for similar items in the Foundation's market. The Foundation receives auction items to be sold at its special events. Contributed auction items are valued at the gross selling price received and the value is included in internal special event revenue on the statement of activities. The amount of auction items received and sold during the years ended August 31, 2022 and 2021 totaled \$495,239 and \$287,681, respectively.

Advertising and media is used to help the Foundation communicate its message or mission and includes fundraising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes.

Donated advertising and media 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.

In-kind contributions related to wish granting are restricted to be used in granting wishes. In-kind contributions related to special events are restricted for use at those events. No other in-kind contributions were received with donor restrictions. During the years ended August 31, 2022 and 2021, the Foundation monetized special event in-kind contributions totaling \$215,800 and \$166,959, respectively.

**Income Taxes**

The Foundation is a nonprofit organization exempt from federal income and Wisconsin taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Chapter 181 of the Wisconsin Revenue and Taxation Code. 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, 2022 and 2021. The Foundation files income tax returns in the U.S. federal jurisdiction, and applicable state jurisdictions.

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

**Functional Expenses**

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

**Wish Granting**

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

**Fundraising**

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

**Management and General**

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

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

**Deferred Rent**

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$226,868 and \$274,185 at August 31, 2022 and 2021, respectively.

**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.

**Reclassifications**

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. The reclassifications had no effect on the change in net assets or total net assets as previously reported.



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

**Adoption of Accounting Pronouncement**

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires that contributed nonfinancial assets are reported on a separate line item in the statements of activities, apart from contributions of cash and other financial assets. It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets along with additional qualitative information about the monetization of such assets, donor restrictions and valuation techniques. The adoption of this standard did not have any significant impact on the accompanying financial statements or disclosures.

**Accounting Pronouncement Not Yet Effective**

In February 2016, FASB issued ASU 2016-02, *Leases*. This accounting standard requires organizations that lease assets to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its statement of financial position. This accounting standard will also require additional disclosures about the amount, timing and uncertainty of cash flows arising from leases. This accounting standard is effective for the Foundation as of fiscal year 2023. Management is currently evaluating the impact of adopting this accounting standard.

**NOTE 3 LIQUIDITY AND AVAILABILITY**

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

	<u>2022</u>	<u>2021</u>
Total Financial Assets	\$ 18,887,488	\$ 19,781,665
Donor-Imposed Restrictions:		
Restricted Funds	<u>(1,988,969)</u>	<u>(1,618,880)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 16,898,519</u>	<u>\$ 18,162,785</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.

As part of the Foundation's liquidity management plan, cash in excess of daily requirements are invested in short-term investments, CDs, and money market funds.

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**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, 2022 and 2021 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. 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.

**Investments**

**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 Held at Fair Value	Total
<u>August 31, 2022</u>					
Assets					
Investments:					
Exchange-Traded Funds	\$ 8,733,935	\$ -	\$ -	\$ -	\$ 8,733,935
Equity Securities	2,111,906	-	-	-	2,111,906
Debt Securities	5,041,708	-	-	-	5,041,708
Cash	-	-	-	594,290	594,290
Total Investments	<u>15,887,549</u>	<u>-</u>	<u>-</u>	<u>594,290</u>	<u>16,481,839</u>
Beneficial Interest in Assets Held by Others	<u>-</u>	<u>-</u>	<u>169,690</u>	<u>-</u>	<u>169,690</u>
Total Assets	<u>\$ 15,887,549</u>	<u>\$ -</u>	<u>\$ 169,690</u>	<u>\$ 594,290</u>	<u>\$ 16,651,529</u>

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

**Fair Value Hierarchy (Continued)**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Assets not Held at Fair Value</u>	<u>Total</u>
<u>August 31, 2021</u>					
Assets					
Investments:					
Exchange-Traded Funds	\$ 9,808,518	\$ -	\$ -	\$ -	\$ 9,808,518
Equity Securities	1,882,049	-	-	-	1,882,049
Debt Securities	5,566,060	-	-	-	5,566,060
Cash	-	-	-	369,940	369,940
Total Investments	<u>17,256,627</u>	<u>-</u>	<u>-</u>	<u>369,940</u>	<u>17,626,567</u>
Beneficial Interest in Assets Held by Others	<u>-</u>	<u>-</u>	<u>207,990</u>	<u>-</u>	<u>207,990</u>
Total Assets	<u>\$ 17,256,627</u>	<u>\$ -</u>	<u>\$ 207,990</u>	<u>\$ 369,940</u>	<u>\$ 17,834,557</u>

For the valuation of beneficial interest in assets held by others, the Foundation used significant unobservable inputs (Level 3).

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

	<u>2022</u>	<u>2021</u>
Sales	\$ (6,105)	\$ -

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.

<u>Quantitative Information About Level 3 Fair Value Measurements</u>			
<u>Type of Assets</u>	<u>Fair Value at August 31, 2022</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>
Beneficial Interests in Assets Held by Others	<u>\$ 169,690</u>	FMV of Assets	Value of Underlying Assets
<u>Type of Assets</u>	<u>Fair Value at August 31, 2021</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>
Beneficial Interests in Assets Held by Others	<u>\$ 207,990</u>	FMV of Assets	Value of Underlying Assets

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

**Beneficial Interest in Assets Held by Others**

As of August 31, 2022 and 2021, the Foundation had a beneficial interest in assets held by others of \$169,690 and \$207,990, respectively. This interest consists of a fund contributed to the Wishes Forever Endowment Fund at the National Office. An endowment agreement has been signed between the chapter and National Office. Distributions from the National Office are made in accordance with the spending policies adopted by the National Office. The National Office has variance power as it relates to these assets. The beneficial interest in assets held by others consists of funds contributed and the earnings thereon, net of distributions received, and is classified as net assets with donor restrictions in the statements of financial position.

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

Contributions receivable include pledges that have been discounted at rates of 3.27% at August 31, 2022.

The following is a summary of the Foundation's contributions receivable at August 31:

	<u>2022</u>	<u>2021</u>
Total Amounts Due in:		
Within One Year	\$ 704,544	\$ 313,930
One to Five Years	564,000	607,650
Contributions Receivable, Net	1,268,544	921,580
Less: Discount to Present Value	(25,524)	(22,323)
Contributions Receivable, Net	<u>\$ 1,243,020</u>	<u>\$ 899,257</u>

Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2022 and 2021.

**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 via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2022 and 2021, respectively, the Foundation received \$1,308,197 and \$1,325,093 from these national revenue streams.

As part of the National Organization's Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation contributed \$1,000,000 and \$500,000 during the years ended August 31, 2022 and 2021, respectively.

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**NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)**

Conversely, the Foundation pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation® of America pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$667,851 and \$1,275,807 were paid from the Foundation to the National Organization during the years ended August 31, 2022 and 2021, 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 \$1,575 and \$800 for the years ended August 31, 2022 and 2021, respectively, which is recorded in the accompanying statements of activities as Other Income.

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

	2022	2021
Due from National Organization	\$ 147,990	\$ 68,915
Due from Other Chapters	10,284	2,412
Total Due from Related Entities	\$ 158,274	\$ 71,327
Due to National Organization	\$ 5,083	\$ 4,621
Due to Other Chapters	50,267	5,625
Total Due to Related Entities	\$ 55,350	\$ 10,246

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, 2022 and 2021, the Foundation received contributions from board members totaling \$238,071 and \$132,214, respectively.

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**NOTE 7 PROPERTY AND EQUIPMENT, NET**

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

	<u>2022</u>	<u>2021</u>
Computer Equipment and Software	\$ 163,880	\$ 181,369
Office Furniture	252,379	264,748
Leasehold Improvements	<u>773,216</u>	<u>773,216</u>
Total	1,189,475	1,219,333
Less: Accumulated Depreciation and Amortization	<u>(859,614)</u>	<u>(797,701)</u>
Property and Equipment, Net	<u><u>\$ 329,861</u></u>	<u><u>\$ 421,632</u></u>

Depreciation and amortization expense totaled \$96,226 and \$118,617, respectively, for the years ended August 31, 2022 and 2021, respectively.

**NOTE 8 LEASES**

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through September 30, 2026. Total rent expense for all operating leases for the years ended August 31, 2022 and 2021 totaled \$117,805 and \$174,928 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>
2023	\$ 129,540
2024	132,778
2025	136,098
2026	139,500
2027	<u>11,793</u>
Total Minimum Lease Payments	<u><u>\$ 549,709</u></u>

**MAKE-A-WISH FOUNDATION® OF WISCONSIN**  
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**NOTE 9 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>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 1,073,843	\$ 808,054
Total	<u>1,073,843</u>	<u>808,054</u>
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	<u>865,126</u>	<u>810,826</u>
Total	865,126	810,826
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	19,690	57,990
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Helen Blenker Endowment Fund	<u>150,000</u>	<u>150,000</u>
Total	169,690	207,990
Other Contributions Restricted in Perpetuity	<u>50,000</u>	<u>-</u>
Total Donor-Restricted Net Assets	<u>\$ 2,158,659</u>	<u>\$ 1,826,870</u>

**NOTE 10 RETIREMENT PLAN**

The Foundation has a defined board-designated Simplified Employee Pension retirement plan (the Plan). Under the provisions of the Plan, eligible employees receive a distribution at the end of the fiscal year based on board vote, between 0% and 15% of the employee's gross salary. Foundation contributions to the Plan for the years ended August 31, 2022 and 2021 were \$240,449 and \$215,558, respectively.

**NOTE 11 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.

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**NOTE 11 CONCENTRATION OF CREDIT RISK (CONTINUED)**

There were no significant concentrations in the year ended August 31, 2022. Contributions totaling \$2,206,285 were received from two donors for the year ended August 31, 2021, which represents 28% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

**NOTE 12 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 13 COMMITMENTS**

The goal of the Foundation is to grant the wish of every eligible child. During the years ended August 31, 2022 and 2021, the Foundation granted 327 and 244 wishes, respectively. As of August 31, 2022 and 2021, respectively, there were approximately 453 and 499 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2022 was \$7,972 in cash and \$3,602 in in-kind for a total cost of \$11,574. The average cost of a wish for the year ended August 31, 2021 was \$7,192 in cash and \$1,481 in in-kind for a total cost of \$8,673.

**NOTE 14 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 (NMAC), 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 September 15, 2021, in consultation with the NMAC, the pause on domestic travel to large gatherings was lifted, if travel occurred by automobile. The pause on airline travel was lifted December 1, 2021 with a graduated approach with full domestic travel resuming June of 2022. International and cruise wish travel and is still paused as of August 31, 2022. Prior to fiscal year 2020, travel wishes have been approximately 77% of wishes granted and the number of granted wishes averaged approximately 399. The number of wishes granted during the years ended August 31, 2022 and 2021 was 327 and 244, respectively.

The Foundation continues to evaluate all expenses and fundraising efforts in light of the impact of COVID-19.



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**NOTE 15 PAYCHECK PROTECTION PROGRAM**

The Foundation applied for and was approved a \$365,537 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (SBA). The loan was received on May 8, 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 \$365,537 on January 8, 2021.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$269,797 loan. The loan was received on March 15, 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 SBA. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation received forgiveness of \$269,797 on October 28, 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 16 EMPLOYEE RETENTION CREDIT**

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During the years ended August 31, 2022 and 2021 the Foundation applied for Employee Retention Credit (ERC) grant funding from the Internal Revenue Service (IRS). The Foundation recognized \$120,533 and \$-0-, respectively, of grant revenue related to performance requirements being met in compliance with the program during the years ended August 31, 2022 and 2021.

Eligibility and conditions for the ERC program may be audited by the IRS. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; management is of the opinion that any audit 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 9, 2023, the date at which the financial statements were available to be issued.



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