MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of the Texas
Gulf Coast and Louisiana
Stafford, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Foundation® of the Texas Gulf Coast and Louisiana (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 the Texas Gulf Coast and Louisiana 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 the Texas Gulf Coast and Louisiana 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 the Texas Gulf Coast and Louisiana's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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Board of Directors
Make-A-Wish Foundation® of the Texas
Gulf Coast and Louisiana

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 the Texas Gulf Coast and Louisiana'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 the Texas Gulf Coast and Louisiana'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

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 6, 2023

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	$ 1,211,007	$ 1,339,059
Investments	7,122,266	10,098,678
Due from Related Entities	124,188	129,728
Prepaid Expenses	151,375	168,002
Contributions Receivable, Net	824,368	89,990
Other Assets	16,959	39,186
Split-Interest Agreements	210,094	373,875
Investments Held for Long-Term Purposes	7,085,020	8,027,598
Property and Equipment, Net	2,351,622	2,453,362
Total Assets	$ 19,096,899	$ 22,719,478
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 849,264	$ 593,368
Due to Related Entities	234,659	24,266
Total Liabilities	1,083,923	617,634
NET ASSETS		
Without Donor Restrictions	10,076,878	13,610,381
With Donor Restrictions	7,936,098	8,491,463
Total Net Assets	18,012,976	22,101,844
Total Liabilities and Net Assets	$ 19,096,899	$ 22,719,478

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	$ 3,085,795	$ 375,217	$ 3,461,012
Contributions, Donated Goods and Services	1,477,031	348,184	1,825,215
Grants	258,384	-	258,384
Total Public Support	4,821,210	723,401	5,544,611
Investment Loss, Net	(1,277,011)	(1,038,995)	(2,316,006)
Other Income	41,355	-	41,355
Net Assets Released from Restrictions	175,990	(175,990)	-
Total Revenues, Gains, and Other Support	3,761,544	(491,584)	3,269,960
EXPENSES			
Program Services:			
Wish Granting	5,744,961	-	5,744,961
Support Services:			
Fundraising	847,855	-	847,855
Management and General	702,231	-	702,231
Total Support Services	1,550,086	-	1,550,086
Total Expenses	7,295,047	-	7,295,047
OTHER (GAINS) LOSSES			
Change in Split-Interest Agreements	-	63,781	63,781
CHANGE IN NET ASSETS	(3,533,503)	(555,365)	(4,088,868)
Net Assets - Beginning of Year	13,610,381	8,491,463	22,101,844
NET ASSETS - END OF YEAR	$ 10,076,878	$ 7,936,098	$ 18,012,976

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	$ 3,183,944	$ 111,117	$ 3,295,061
Contributions, Donated Goods and Services	394,740	8,923	403,663
Grants	87,462	-	87,462
Total Public Support	3,666,146	120,040	3,786,186
Investment Income, Net	1,661,508	1,335,047	2,996,555
Forgiveness of Paycheck Protection Program	131,085	-	131,085
Other Income	14,239	-	14,239
Net Assets Released from Restrictions	2,357,617	(2,357,617)	-
Total Revenues, Gains, and Other Support	7,830,595	(902,530)	6,928,065
EXPENSES			
Program Services:			
Wish Granting	3,078,444	-	3,078,444
Support Services:			
Fundraising	551,822	-	551,822
Management and General	539,422	-	539,422
Total Support Services	1,091,244	-	1,091,244
Total Expenses	4,169,688	-	4,169,688
OTHER (GAINS) LOSSES			
Change in Split-Interest Agreements	-	(119,751)	(119,751)
CHANGE IN NET ASSETS	3,660,907	(782,779)	2,878,128
Net Assets - Beginning of Year	9,949,474	9,274,242	19,223,716
NET ASSETS - END OF YEAR	$ 13,610,381	$ 8,491,463	$ 22,101,844

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2022

	Program Services	Support Services			
	Wish Granting	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	$ 4,242,615	$ -	$ -	$ -	$ 4,242,615
Salaries, Taxes, and Benefits	928,215	661,231	517,819	1,179,050	2,107,265
Printing, Subscriptions, and Publications	10,147	8,803	4,278	13,081	23,228
Professional Fees	41,507	17,791	25,263	43,054	84,561
Rent and Utilities	27,660	12,025	10,321	22,346	50,006
Postage and Delivery	2,817	1,920	1,483	3,403	6,220
Travel	23,444	10,528	9,046	19,574	43,018
Meetings and Conferences	12,112	8,381	10,288	18,669	30,781
Advertising and Media (Cash)	12,245	5,605	5,035	10,640	22,885
Office Supplies	15,556	5,386	4,459	9,845	25,401
Communications	13,192	6,695	6,828	13,523	26,715
Equipment Lease, Repairs and Maintenance	387	176	157	333	720
Membership Dues	1,819	789	726	1,515	3,334
National Partnership Dues	316,865	57,212	66,014	123,226	440,091
Miscellaneous	16,049	16,300	8,744	25,044	41,093
Depreciation and Amortization	80,331	35,013	31,770	66,783	147,114
Total Expenses Included in the Expense Section of the Statement of Activities	$ 5,744,961	$ 847,855	$ 702,231	$ 1,550,086	$ 7,295,047

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021

	Program Services	Support Services			
	Wish Granting	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	$ 2,008,122	$ -	$ -	$ -	$ 2,008,122
Salaries, Taxes, and Benefits	660,701	425,313	398,647	823,960	1,484,661
Printing, Subscriptions, and Publications	2,927	2,584	1,137	3,721	6,648
Professional Fees	48,178	20,016	37,876	57,892	106,070
Rent and Utilities	30,103	12,546	11,900	24,446	54,549
Postage and Delivery	2,339	1,845	1,106	2,951	5,290
Travel	4,881	2,093	1,916	4,009	8,890
Meetings and Conferences	4,980	3,597	2,566	6,163	11,143
Advertising and Media (Cash)	1,509	671	615	1,286	2,795
Office Supplies	9,663	4,193	3,886	8,079	17,742
Communications	9,334	4,011	3,908	7,919	17,253
Equipment Lease, Repairs and Maintenance	236	94	88	182	418
Insurance	511	152	150	302	813
National Partnership Dues	215,101	38,838	44,813	83,651	298,752
Miscellaneous	8,304	7,018	3,510	10,528	18,832
Depreciation and Amortization	71,555	28,851	27,304	56,155	127,710
Total Expenses Included in the Expense Section of the Statement of Activities	$ 3,078,444	$ 551,822	$ 539,422	$ 1,091,244	$ 4,169,688

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (4,088,868)	$ 2,878,128
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	147,114	127,710
Contributions Restricted for Long-Term Investment	(96,417)	(30,050)
Net Realized and Unrealized (Gains) Losses on Investments	2,718,576	(2,701,673)
Contributed Property and Equipment, and Investments	(6,500)	(86,705)
Loss on Disposal of Property and Equipment	-	4,800
Change in Value of Split-Interest Agreements	63,781	(119,751)
Changes in Assets and Liabilities:		
Contributions Receivable, Net	(734,378)	471,010
Due from Related Entities	5,540	(24,552)
Prepaid Expenses	16,627	(78,320)
Other Assets	22,227	5,105
Accounts Payable and Accrued Expenses	255,896	270,367
Due to Related Entities	210,393	(90,480)
Net Cash Provided (Used) by Operating Activities	(1,486,009)	625,589
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(18,232,001)	(7,738,898)
Proceeds from Sales of Investments	19,432,415	7,458,649
Purchases of Property and Equipment	(38,874)	(73,579)
Proceeds from Termination of Split-Interest Agreement Trust	100,000	-
Net Cash Provided (Used) by Investing Activities	1,261,540	(353,828)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Long-Term Investment	96,417	30,050
NET CHANGE IN CASH AND CASH EQUIVALENTS	(128,052)	301,811
Cash and Cash Equivalents - Beginning of Year	1,339,059	1,037,248
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,211,007	$ 1,339,059
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated Property and Equipment, and Investments	$ 6,500	$ 86,705

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of the Texas Gulf Coast and Louisiana (the Foundation) is a Texas 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost of greater than $1,000 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. 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 2 to 30 years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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.

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 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 statement of activities as Net Assets Released from Restrictions.

Revenue Recognition

Revenue is recognized on the accrual basis and generally consists of contributions, in-kinds and other income.

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

Conditional promises are recorded as revenue once the conditions are substantially met. There were no conditional promises outstanding for the years ended August 31, 2022 and 2021.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Foundation received in-kind contributions of assets, services, and materials that are reported in the statements of activities as follows:

August 31, 2022	Programs	Fundraising	Management and General	Total
Wish Related	$ 1,470,068	$ -	$ -	$ 1,470,068
Other	5,014	2,328	2,044	9,386
Total	$ 1,475,082	$ 2,328	$ 2,044	1,479,454
Contributions Receivable, Net Change				339,261
Property and Equipment				6,500
Total				$ 1,825,215
August 31, 2021				
Wish Related	$ 304,182	$ -	$ -	$ 304,182
Other	2,310	1,019	524	3,853
Total	$ 306,492	$ 1,019	$ 524	308,035
Investments				5,136
Contributions Receivable, Net Change				8,923
Property and Equipment				81,569
Total				$ 403,663

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.

In-kind contributions related to wish granting are restricted to be used in granting wishes. No other in-kind contributions were received with donor restrictions.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3). 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.

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 specific programs or fundraising activities, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

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

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.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

	2022	2021
Total Financial Assets	$ 16,366,849	$ 19,685,053
Donor-Imposed Restrictions:		
Restricted Funds	(640,984)	(89,990)
Endowments	(7,085,020)	(8,027,598)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 8,640,845	$ 11,567,465

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. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value of Financial Instruments (Continued)

The fair values of the financial instruments shown in the following tables 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 investment 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 and liabilities that are measured at fair value on a recurring basis, except those measured at cost, at August 31:

	2022				
	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
Assets:					
Investments:					
Mutual Funds	$ 5,142,228	$ -	$ -	$ -	$ 5,142,228
Exchange-Traded Funds	6,356,914	-	-	-	6,356,914
Equity Securities	1,037,353	-	-	-	1,037,353
Debt Securities	900,936	-	-	-	900,936
Cash	-	-	-	769,855	769,855
Total Investments	13,437,431	-	-	769,855	14,207,286
Split-Interest Agreements	-	-	210,094	-	210,094
Total Assets	$ 13,437,431	$ -	$ 210,094	$ 769,855	$ 14,417,380

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

	2021				
	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
Assets:					
Investments:					
Mutual Funds	$ 8,893,455	$ -	$ -	$ -	$ 8,893,455
Exchange-Traded Funds	2,275,264	-	-	-	2,275,264
Equity Securities	2,022,652	-	-	-	2,022,652
Debt Securities	4,638,848	-	-	-	4,638,848
Cash	-	-	-	296,057	296,057
Total Investments	17,830,219	-	-	296,057	18,126,276
Split-Interest Agreements	-	-	373,875	-	373,875
Total Assets	$ 17,830,219	$ -	$ 373,875	$ 296,057	$ 18,500,151

For the valuation of Level 3 investments at August 31, 2022 and 2021, the Foundation used significant unobservable inputs, particularly the present value of the expected future amounts to be received.

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

	2022	2021
Transfer Out	$ (100,000)	$ -

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, 2022	Principal Valuation Technique	Unobservable Inputs
Split-Interest Agreements	$ 210,094	Discounted Cash Flows	Discount Rates Duration

Type of Assets	Fair Value at August 31, 2021	Principal Valuation Technique	Unobservable Inputs
Split-Interest Agreements	$ 373,875	Discounted Cash Flows	Discount Rates Duration

NOTE 5 CONTRIBUTIONS RECEIVABLE

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

	2022	2021
Total Amounts Due in:		
One Year	$ 824,368	$ 75,990
Two to Five Years	-	14,000
Contributions Receivable, Net	$ 824,368	$ 89,990

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 SPLIT-INTEREST AGREEMENTS

Beneficial Interest in Trusts

The Foundation is a named income beneficiary in a perpetual trust, the corpus of which 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, permanently 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 statements of activities as a component of change in value of split-interest agreements with donor restrictions.

The Foundation's beneficial interest in the trust is $210,094 and $273,875 as of August 31, 2022 and 2021, respectively.

Charitable Trusts

The Foundation is named as a beneficiary in an irrevocable charitable remainder trust held by a third-party trustee. At the date the remainder trust was established, a beneficial interest in trust and temporarily restricted contribution revenue was recognized for the present value of the estimated future benefits to be received when the trust assets are distributed. The beneficial interest is adjusted during the term of the trust for changes in the value of the assets. The beneficial interest in the remainder trust is calculated using a discount rate of 4.43%, a rate of return of 5%, and Internal Revenue Service (IRS) mortality tables in 2021.

During the year ended August 31, 2021, the Foundation was notified that the beneficiary of the trust passed away. As such, the valuation of beneficial interest in trust was adjusted from the present value to the Foundation's interest in the trust's estimated final assets.

The Foundation's beneficial interest in the trust is $-0- and $100,000 as of August 31, 2022 and 2021, respectively.

NOTE 7 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 $994,535 and $1,179,057 from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling $451,792 and $303,320 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 $4,350 and $-0-, respectively, for the years ended August 31, 2022 and 2021, 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	$ 94,746	$ 129,728
Due from Other Chapters	29,442	-
Total Due from Related Entities	$ 124,188	$ 129,728
Due to National Organization	$ 147,786	$ 115
Due to Other Chapters	86,873	24,151
Total Due to Related Entities	$ 234,659	$ 24,266

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 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, both cash and in-kind, from board members totaling $157,885 and $253,839, respectively. As of August 31, 2022 and 2021, there was $15,300 and $-0-, respectively, due from board members.

NOTE 8 PROPERTY AND EQUIPMENT, NET

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

	2022	2021
Land	$ 630,000	$ 630,000
Buildings and Building Improvements	2,413,322	2,413,322
Computer Equipment and Software	48,160	30,071
Office Furniture	277,782	250,497
Total	3,369,264	3,323,890
Less: Accumulated Depreciation and Amortization	(1,017,642)	(870,528)
Property and Equipment, Net	$ 2,351,622	$ 2,453,362

Depreciation and amortization expense totaled $147,114 and $127,710 for the years ended August 31, 2022 and 2021.

NOTE 9 LEASES

The Foundation is obligated under an operating lease for offices, which expires in July 2027. Total rent expense for the operating lease for the years ended August 31, 2022 and 2021 totaled $2,117 and $-0-, respectively.

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

Year Ending August 31:	Operating Leases
2023	$ 25,404
2024	25,404
2025	25,404
2026	25,404
2027	23,287
Total	$ 124,903

NOTE 10 NET ASSETS

Net Assets With Donor Restrictions

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

	2022	2021
Subject to Expenditure for Specified Purpose:		
Wish Granting	$ 348,184	$ 8,923
Total	348,184	8,923
Subject to Passage of Time:		
Assets Held under Split Interest Agreements	-	100,000
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	292,800	81,067
Total	292,800	181,067
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	2,005,209	3,044,204
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Wish Granting and Building Maintenance	5,079,811	4,983,394
Total Endowments	7,085,020	8,027,598
Not Subject to Spending Policy:		
Assets Held under Split-Interest Agreements	210,094	273,875
Total Donor-Restricted Net Assets	$ 7,936,098	$ 8,491,463

NOTE 11 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 24 individual funds established for a variety of purposes including granting wishes and building maintenance. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets which are donor-restricted are reflected as investments held for long-term purposes on the statements of financial position.

NOTE 11 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Texas 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:

August 31, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	$ -	$ 7,085,020	$ 7,085,020
August 31, 2021			
Donor-Restricted Endowment Funds	$ -	$ 8,027,598	$ 8,027,598

NOTE 11 ENDOWMENTS (CONTINUED)

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

August 31, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	$ -	$ 8,027,598	$ 8,027,598
Investment Income, Net	-	(1,038,995)	(1,038,995)
Contributions	-	96,417	96,417
Endowment Funds - End of Year	$ -	$ 7,085,020	$ 7,085,020
August 31, 2021			
Endowment Funds - Beginning of Year	$ -	$ 9,019,545	$ 9,019,545
Investment Income, Net	-	1,335,047	1,335,047
Contributions	-	30,050	30,050
Appropriation of Endowment Asset for Expenditure	-	(54,952)	(54,952)
Other Changes:			
Donor Release from Restrictions	-	(2,302,092)	(2,302,092)
Endowment Funds - End of Year	$ -	$ 8,027,598	$ 8,027,598

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, 2022 and 2021.

Return Objectives and Risk Parameters

The Foundation's endowment assets are commingled with its unrestricted investments, and as such, fall under the Foundation's investment policy. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of directors, the overall investment objectives of the Foundation are to balance long-term capital appreciation with capital preservation. The asset value, exclusive of contributions or withdrawals, shall grow in the long-term through a combination of investment income and capital appreciation at a rate of return comparative to the benchmarks set forth in the Foundation's investment policy based on the asset category mix, while avoiding excessive risk. The Foundation does not have a specified average rate of return expectation.

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.

NOTE 11 ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

In August 2022, the Foundation implemented a policy of appropriating for distribution each year 3-5% of its endowment fund's average fair value over the prior 12 quarters, as long as such quarterly distribution would not put the endowment fund "underwater." 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 a rate of return comparative to the benchmarks set forth in the policy based on the asset category allocations. 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 12 RETIREMENT PLAN

The Foundation has a defined contribution 401(k) plan (the Plan). Employees are eligible for participation in the Plan upon completion of one year and 1000 hours of eligibility service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions at 100% up to 6% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2022 and 2021 were $61,337 and $26,124, respectively.

NOTE 13 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 $1,017,844 were received from two donors, respectively, for the year ended August 31, 2021, which represents 27% of raised revenue which consists of total public support. There were no donors who contributed more than 10% of raised revenue during the year ended August 31, 2022. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 14 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 15 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 572 and 415 wishes, respectively. As of August 31, 2022 and 2021 there were approximately 875 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2022 was $4,766 in cash and $2,679 in in-kind for a total cost of $7,445. The average cost of a wish for the year ended August 31, 2021 was $3,806 in cash and $572 in in-kind for a total cost of $4,378.

NOTE 16 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 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 452. The number of wishes granted during the years ended August 31, 2022 and 2021 was 572 and 415, respectively.

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

NOTE 17 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a $131,085 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was received on February 5, 2021. 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 $131,085 on July 8, 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 18 EMPLOYEE RETENTION CREDIT

During the year ended August 31, 2022, the Foundation applied for and recorded an Employee Retention Credit (ERC) of $183,384, part of federal COVID-19 relief for employers, on eligible employee wages for calendar year 2021. This credit is included in Grants as a government grant, which is recognized when all conditions of such grants are fulfilled or there is reasonable assurance they will be fulfilled. This grant is receivable as of August 31, 2022, included in Contributions Receivable, Net.

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 19 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through April 6, 2023, the date at which the financial statements were available to be issued.

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