

**MAKE-A-WISH FOUNDATION® OF  
NEW JERSEY, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2022 AND 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of New Jersey, Inc.  
Monroe Township, New Jersey

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

#### ***Opinion***

We have audited the accompanying financial statements of Make-A-Wish Foundation® of New Jersey, Inc. (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 New Jersey, Inc. 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 New Jersey, Inc. 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 New Jersey, Inc.'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 New Jersey, Inc.'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 New Jersey, Inc.'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**

King of Prussia, Pennsylvania  
March 16, 2023

**MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 3,377,355	\$ 3,250,653
Investments	6,807,552	7,854,175
Due from Related Entities	250,077	112,177
Prepaid Expenses	116,476	148,317
Contributions Receivable, Net	1,181,306	952,611
Other Assets	57,411	61,480
Split-Interest Agreements	575,036	735,098
Investments Held for Long-Term Purposes	2,365,933	2,777,807
Property and Equipment, Net	6,559,977	6,712,519
Total Assets	\$ 21,291,123	\$ 22,604,837
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 480,918	\$ 388,282
Due to Related Entities	109,023	20,374
Paycheck Protection Program	-	498,500
Total Liabilities	589,941	907,156
<b>NET ASSETS</b>		
Without Donor Restrictions	16,901,506	17,250,988
With Donor Restrictions	3,799,676	4,446,693
Total Net Assets	20,701,182	21,697,681
Total Liabilities and Net Assets	\$ 21,291,123	\$ 22,604,837

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.**  
**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	\$ 6,274,043	\$ 11,227	\$ 6,285,270
Contributions, Donated Goods and Services	1,083,539	132,472	1,216,011
Grants	588,024	-	588,024
Total Public Support	7,945,606	143,699	8,089,305
Internal Special Events, Cash	10,600	-	10,600
Investment Loss, Net	(941,476)	(364,920)	(1,306,396)
Forgiveness of Paycheck Protection Program Loan	498,500	-	498,500
Other Income	10,557	-	10,557
Net Assets Released from Restrictions	219,785	(219,785)	-
Total Revenues, Gains, and Other Support	7,743,572	(441,006)	7,302,566
<b>EXPENSES</b>			
Program Services:			
Wish Granting	6,031,470	-	6,031,470
Total Program Services	6,031,470	-	6,031,470
Support Services:			
Fundraising	1,217,241	-	1,217,241
Management and General	844,343	-	844,343
Total Support Services	2,061,584	-	2,061,584
Total Expenses	8,093,054	-	8,093,054
<b>OTHER LOSSES</b>			
Change in Split Interest Agreements	-	(206,011)	(206,011)
Total Other Losses	-	(206,011)	(206,011)
<b>CHANGE IN NET ASSETS</b>	(349,482)	(647,017)	(996,499)
Net Assets - Beginning of Year	17,250,988	4,446,693	21,697,681
<b>NET ASSETS - END OF YEAR</b>	\$ 16,901,506	\$ 3,799,676	\$ 20,701,182

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.**  
**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	\$ 5,733,229	\$ 16,712	\$ 5,749,941
Contributions, Donated Goods and Services	329,619	62,777	392,396
Grants	177,246	-	177,246
Total Public Support	6,240,094	79,489	6,319,583
Internal Special Events	149,180	-	149,180
Investment Income, Net	1,084,133	372,313	1,456,446
Forgiveness of Paycheck Protection Program Loan	495,795	-	495,795
Other Income	1,619	-	1,619
Net Assets Released from Restrictions	600,162	(600,162)	-
	8,570,983	(148,360)	8,422,623
<b>EXPENSES</b>			
Program Services:			
Wish Granting	3,454,138	-	3,454,138
Total Program Services	3,454,138	-	3,454,138
Support Services:			
Fundraising	1,054,440	-	1,054,440
Management and General	735,704	-	735,704
Total Support Services	1,790,144	-	1,790,144
Total Expenses	5,244,282	-	5,244,282
<b>OTHER GAINS</b>			
Change in Split Interest Agreements	-	125,373	125,373
Total Other Gains	-	125,373	125,373
<b>CHANGE IN NET ASSETS</b>	3,326,701	(22,987)	3,303,714
Net Assets - Beginning of Year	13,924,287	4,469,680	18,393,967
<b>NET ASSETS - END OF YEAR</b>	\$ 17,250,988	\$ 4,446,693	\$ 21,697,681

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2022**

	<u>Program Services</u>	<u>Support Services</u>			<u>Total</u>
	<u>Wish Granting</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total Support Services</u>	
Direct Costs of Wishes	\$ 3,284,442	\$ -	\$ -	\$ -	\$ 3,284,442
Salaries, Taxes, and Benefits	1,280,643	659,324	646,656	1,305,980	2,586,623
Printing, Subscriptions, and Publications	9,499	35,915	2,578	38,493	47,992
Professional Fees	1,642	2,375	4,363	6,738	8,380
Occupancy	120,914	34,948	18,952	53,900	174,814
Postage and Delivery	23,920	6,124	928	7,052	30,972
Travel	8,504	13,388	3,199	16,587	25,091
Meetings and Conferences	54,644	201,688	5,412	207,100	261,744
Office Supplies	30,849	73,209	11,711	84,920	115,769
Communications	18,019	9,151	8,998	18,149	36,168
Advertising and Media	1,535	7,951	269	8,220	9,755
Repairs and Maintenance	1,224	492	422	914	2,138
Membership Dues	-	-	890	890	890
Grants and Scholarships	500,000	-	-	-	500,000
National Partnership Dues	465,940	84,128	97,071	181,199	647,139
Miscellaneous	29,746	35,783	17,901	53,684	83,430
Depreciation and Amortization	199,949	52,765	24,993	77,758	277,707
<b>Total Expenses by Function</b>	<b><u>\$ 6,031,470</u></b>	<b><u>\$ 1,217,241</u></b>	<b><u>\$ 844,343</u></b>	<b><u>\$ 8,093,054</u></b>	<b><u>\$ 8,093,054</u></b>

See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2021**

	<u>Program Services</u>		<u>Support Services</u>		<u>Total</u>
	<u>Wish Granting</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total Support Services</u>	
Direct Costs of Wishes	\$ 1,537,464	\$ -	\$ -	\$ -	\$ 1,537,464
Salaries, Taxes, and Benefits	1,223,727	784,831	598,124	1,382,955	2,606,682
Printing, Subscriptions, and Publications	7,626	27,276	1,226	28,502	36,128
Professional Fees	-	13,866	20,197	34,063	34,063
Occupancy	91,457	27,656	10,383	38,039	129,496
Postage and Delivery	10,281	9,406	734	10,140	20,421
Travel	2,657	2,354	260	2,614	5,271
Meetings and Conferences	21,638	18,536	60	18,596	40,234
Office Supplies	10,211	16,205	3,916	20,121	30,332
Communications	15,929	10,139	7,823	17,962	33,891
Advertising and Media (Cash)	5,056	5,506	-	5,506	10,562
Repairs and Maintenance	1,607	576	333	909	2,516
Membership Dues	-	-	985	985	985
National Partnership Dues	304,535	54,985	63,445	118,430	422,965
Miscellaneous	25,743	25,877	9,142	35,019	60,762
Depreciation and Amortization	196,207	57,227	19,076	76,303	272,510
	<u>\$ 3,454,138</u>	<u>\$ 1,054,440</u>	<u>\$ 735,704</u>	<u>\$ 1,790,144</u>	<u>\$ 5,244,282</u>
Total Expenses by Function					

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (996,499)	\$ 3,303,714
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	277,707	272,510
Forgiveness of Paycheck Protection Program Loan	(498,500)	(495,795)
Net Realized and Unrealized (Gains) Losses on Investments	1,504,805	(1,325,690)
Contributed Property, Inventory, and Split-Interest Agreements	(51,250)	(102,192)
Change in Value of Split-Interest Agreements	206,011	(125,373)
Change in Discount to Present Value of Contributions Receivable	11,227	16,712
(Increase) Decrease in Assets:		
Contributions Receivable	(239,922)	838,881
Due from Related Entities	(137,900)	(5,433)
Prepaid Expenses	31,841	78,044
Other Assets	5,319	(20,951)
Increase in Liabilities:		
Accounts Payable and Accrued Expenses	92,636	131,734
Due to Related Entities	88,649	13,083
Net Cash Provided by Operating Activities	294,124	2,579,244
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(2,795,273)	(2,812,314)
Proceeds from Sales of Investments	2,698,965	2,370,971
Purchases of Property and Equipment	(125,165)	(55,537)
Distribution of Split-Interest Agreements	4,051	33,441
Net Cash Used by Investing Activities	(217,422)	(463,439)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Restricted for Long-Term Investment	50,000	250,000
Proceeds from Paycheck Protection Program	-	498,500
Net Cash Provided by Financing Activities	50,000	748,500
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	126,702	2,864,305
Cash and Cash Equivalents - Beginning of Year	3,250,653	386,348
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 3,377,355	\$ 3,250,653
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Contributed Property, Inventory, and Split-Interest Agreements	\$ 51,250	\$ 102,192

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of New Jersey, Inc. (the Foundation) is a New Jersey 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 (U.S. GAAP) applicable to nonprofit entities.

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**Investments**

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions or law.

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 NEW JERSEY, INC.**  
**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 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 3 to 40 years. Land improvements are depreciated over the estimated useful life of the asset. 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 NEW JERSEY, INC.**  
**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. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources are 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 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 NEW JERSEY, INC.**  
**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.

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:

	2022			Total
	Programs	Fundraising	Management and General	
Wish Related	\$ 1,098,957	\$ -	\$ -	\$ 1,098,957
Professional Services	-	-	4,380	4,380
Conferences/Events	-	24,866	-	24,866
Other	36,558	-	-	36,558
	<u>\$ 1,135,515</u>	<u>\$ 24,866</u>	<u>\$ 4,380</u>	1,164,761
Split-Interest Agreements				50,000
Inventory				1,250
Total				<u>\$ 1,216,011</u>
	2021			
	Programs	Fundraising	Management and General	Total
Wish Related	\$ 242,107	\$ -	\$ -	\$ 242,107
Professional Services	-	-	17,817	17,817
Conferences/Events	399	-	-	399
Advertising and Media	5,000	5,000	-	10,000
Other	19,881	-	-	19,881
	<u>\$ 267,387</u>	<u>\$ 5,000</u>	<u>\$ 17,817</u>	290,204
Property and Equipment				22,758
Split Interest Agreements				62,777
Inventory				16,657
Total				<u>\$ 392,396</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 NEW JERSEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

**Revenue Recognition (Continued)**

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.

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

Donated advertising and media is reported as contribution revenue and fundraising or public information expense when received and the reporting of such contribution 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.

**Income Taxes**

The Foundation is a nonprofit organization exempt from federal income and New Jersey 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.

**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.

**MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

**Functional Expenses (Continued)**

Fundraising

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

Management and General

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

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 U.S. GAAP requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**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.



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**NOTE 3 LIQUIDITY AND AVAILABILITY**

The Foundation monitors liquidity regularly through daily cash flow activities, the monthly financial package provided to the board, and enterprise-wide Benchmarks of Excellence. The Foundation strives to maintain liquid financial assets sufficient to cover six months of general expenditures, while also maximizing the investment of current and long-term investment funds. Holding 6 to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

The following table presents the calculation of financial assets available at August 31, 2022 and 2021 to meet cash needs for general expenditures within one year:

	<u>2022</u>	<u>2021</u>
Total Financial Assets	\$ 14,557,259	\$ 15,682,521
Donor-Imposed Restrictions:		
Restricted Funds	(1,433,743)	(1,668,886)
Endowments	<u>(2,365,933)</u>	<u>(2,777,807)</u>
Net Financial Assets after Donor-Imposed Restrictions	10,757,583	11,235,828
Internal Designations:		
Board-Designated Endowments	<u>(1,844,001)</u>	<u>(2,201,540)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 8,913,582</u>	<u>\$ 9,034,288</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.

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board as an endowment. Income from donor-restricted endowments is restricted for program expenses and is subject to an annual spending rate of 5% as described in Note 11. Restricted funds represent contribution pledges outstanding for program and endowments in future years. Donor-restricted and endowment funds are not available for general expenditure.

The board-designated endowment of \$1,844,001 and \$2,201,540 as of August 31, 2022 and 2021, respectively, is also subject to an annual spending rate of 5% as described in Note 11. Although the Foundation does not intend to spend from this board-designated endowment, other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation, this amount could be made available if necessary.

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**NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)**

As part of the Foundation's liquidity management plan, cash in excess of daily requirements is invested in money market funds. If the need arises, investment reserves without donor restrictions could also be utilized for general expenditures, with the approval of the board. In addition to financial assets available to meet general expenditures within one year, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The Foundation also has a \$1,000,000 line of credit available to meet short-term needs. See Note 9 for further information.

**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 Investment Committee, which oversees the Foundation's investment program in accordance with established guidelines.

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

**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:

	2022			
	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>Assets</b>				
Investments:				
Mutual Funds	\$ 4,440,209	\$ -	\$ -	\$ 4,440,209
Equity Securities	3,159,896	-	-	3,159,896
Debt Securities	-	1,573,380	-	1,573,380
Split-Interest Agreements	-	-	575,036	575,036
Total	<u>\$ 7,600,105</u>	<u>\$ 1,573,380</u>	<u>\$ 575,036</u>	<u>\$ 9,748,521</u>
	2021			
	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>Assets</b>				
Investments:				
Mutual Funds	\$ 4,969,732	\$ -	\$ -	\$ 4,969,732
Equity Securities	4,014,452	-	-	4,014,452
Debt Securities	-	1,647,798	-	1,647,798
Split-Interest Agreements	-	-	735,098	735,098
Total	<u>\$ 8,984,184</u>	<u>\$ 1,647,798</u>	<u>\$ 735,098</u>	<u>\$ 11,367,080</u>

For the valuation of Debt Securities at August 31, 2022 and 2021, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

For the valuation of Split-Interest Agreements at August 31, 2022 and 2021, the Foundation used significant unobservable inputs such as present value of expected future amounts to be received.

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

Transfers in and transfer out of Level 3 investments consist of the following for the years ended August 31:

	<u>2022</u>	<u>2021</u>
Transfers In	\$ 50,000	\$ 62,777
Transfer Out	4,051	33,441

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	<u>\$ 575,036</u>	Fair Value of Assets	Time Period of Agreement
Type of Assets	Fair Value at August 31, 2021	Principal Valuation Technique	Unobservable Inputs
Split-Interest Agreements	<u>\$ 735,098</u>	Fair Value of Assets	Time Period of Agreement

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

Contributions receivable include pledges that have been discounted at rates ranging from .15% to 2.74% at August 31, 2022 and 2021. 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	\$ 1,132,033	\$ 570,838
One to Five Years	250,000	582,500
Gross Contributions Receivable	1,382,033	1,153,338
Less: Allowance for Doubtful Accounts	(195,110)	(183,883)
Less: Discount to Present Value	(5,617)	(16,844)
Contributions Receivable, Net	<u>\$ 1,181,306</u>	<u>\$ 952,611</u>

For contributions receivable at August 31, 2022 and 2021, there were five donors who have contributions outstanding of approximately \$829,486 and \$930,000, respectively. Combined, these represent approximately 80% and 81% of gross receivables at August 31, 2022 and 2021, respectively.

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**NOTE 6 SPLIT-INTEREST AGREEMENTS**

**Charitable Gift Annuities**

Donors have contributed assets to the National Organization in exchange for a promise by the National Organization to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the terms of such agreements, no trust exists, as the assets received are held by and the liability is an obligation of the National Organization. The National Organization records contribution revenue using the fair value of the assets less the present value of the payments expected to be made to the beneficiaries. The Foundation is named as the beneficiary of eight of these agreements. Accordingly, contribution revenue with donor restrictions and the related assets are recognized at fair value in the period in which the Foundation received notice that the agreements convey unconditional rights to receive benefits. Subsequent changes in value of the underlying assets are recorded in the accompanying statement of activities as the change in value of split-interest agreements.

The Foundation's beneficial interest under split-interest agreements totaled \$575,036 and \$735,098 at August 31, 2022 and 2021, respectively. The Foundation was the recipient of additional gifts as of August 31, 2022 and 2021 valued at \$50,000 and \$62,777, 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 \$2,305,615 and \$2,316,851 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 \$500,000 and \$-0- during the years ended August 31, 2022 and 2021, respectively.

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 \$647,138 and \$422,965 were paid from the Foundation to the National Organization during the years ended August 31, 2022 and 2021, respectively.

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

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 \$2,700 and \$450, 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:

	<u>2022</u>	<u>2021</u>
Due from National Organization	<u>\$ 250,077</u>	<u>\$ 112,177</u>
Total Due from Related Entities	<u>\$ 250,077</u>	<u>\$ 112,177</u>
Due to National Organization	\$ 31,822	\$ 6,088
Due to Other Chapters	77,201	14,286
Total Due to Related Entities	<u>\$ 109,023</u>	<u>\$ 20,374</u>

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

During the years ended August 31, 2022 and 2021, the Foundation received contributions, both cash and in-kind, from board members totaling \$130,000 and \$64,500, respectively. As of August 31, 2022 and 2021, amounts due from board members totaled \$130,000 and \$23,330, respectively, and are included in contributions receivable in the accompanying statements of financial position. Amounts paid to related parties for goods and services used in the Foundation’s operations totaled \$22,869 and \$10,390, for the years ended August 31, 2022 and 2021, respectively.

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**NOTE 8 PROPERTY AND EQUIPMENT, NET**

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

	<u>2022</u>	<u>2021</u>
Land and Land Improvements	\$ 2,447,060	\$ 2,447,060
Buildings and Building Improvements	6,578,691	6,483,158
Computer Equipment and Software	162,527	144,343
Office Furniture	117,696	117,696
Other Equipment	113,758	102,310
Total	<u>9,419,732</u>	<u>9,294,567</u>
Less: Accumulated Depreciation and Amortization	<u>(2,859,755)</u>	<u>(2,582,048)</u>
Property and Equipment, Net	<u>\$ 6,559,977</u>	<u>\$ 6,712,519</u>

Depreciation and amortization expense totaled \$277,707 and \$272,510, respectively, for the years ended August 31, 2022 and 2021.

**NOTE 9 REVOLVING LINE OF CREDIT**

The Foundation has a secured, revolving line of credit with a financial institution totaling \$1,000,000, bearing interest at 3.25% at August 31, 2022 and 2021. Interest is calculated at Prime Rate (as published in the Wall Street Journal) less 0.25%, subject to an interest rate floor of 3.25% as of August 31, 2022 and 2021, respectively. The line of credit matures on February 28, 2024 and there was \$-0- outstanding on this line of credit as of August 31, 2022 and 2021, respectively. The line of credit is subject to various financial and nonfinancial covenants.

**NOTE 10 NET ASSETS**

**Net Assets Without Donor Restrictions**

Board-designated net assets consist of the following at August 31:

	<u>2022</u>	<u>2021</u>
Board-Designated Endowment Funds	\$ 1,844,001	\$ 2,201,540
Total Board-Designated Net Assets	<u>\$ 1,844,001</u>	<u>\$ 2,201,540</u>

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**NOTE 10 NET ASSETS (CONTINUED)**

**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:		
Pledges Outstanding for Program, Net of Discount	\$ 479,186	\$ 592,580
Pledges Outstanding for Endowment, Net of Discount	297,050	341,208
Pledge - Wish Granting In-Kind	82,471	-
Total	<u>858,707</u>	<u>933,788</u>
Subject to the Passage of Time:		
Assets Held under Split-Interest Agreements	<u>575,036</u>	<u>735,098</u>
Total	575,036	735,098
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	247,933	709,807
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity:		
Endowment Fund - Program	1,608,000	748,000
Endowment Fund - Facilities	<u>510,000</u>	<u>1,320,000</u>
Total Endowments	<u>2,365,933</u>	<u>2,777,807</u>
Total Net Assets with Donor Restrictions	<u>\$ 3,799,676</u>	<u>\$ 4,446,693</u>

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



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**NOTE 11 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law**

The board of directors of the Foundation has interpreted the New Jersey 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:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

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

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 1,844,001	\$ -	\$ 1,844,001
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	2,118,000	2,118,000
Accumulated Investment Gains	-	247,933	247,933
Total Funds	\$ 1,844,001	\$ 2,365,933	\$ 4,209,934
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 2,201,540	\$ -	\$ 2,201,540
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	2,068,000	2,068,000
Accumulated Investment Gains	-	709,807	709,807
Total Funds	\$ 2,201,540	\$ 2,777,807	\$ 4,979,347

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**NOTE 11 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

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

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ 2,201,540	\$ 2,777,807	\$ 4,979,347
Investment Return, Net	(258,516)	(364,920)	(623,436)
Contributions	-	50,000	50,000
Other Changes:			
Transfers to Remove Board- Designated Endowment Funds	(99,023)	(96,954)	(195,977)
Endowment Funds - End of Year	<u>\$ 1,844,001</u>	<u>\$ 2,365,933</u>	<u>\$ 4,209,934</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ 2,005,676	\$ 2,242,582	\$ 4,248,258
Investment Return, Net	293,499	372,314	665,813
Contributions	-	250,000	250,000
Appropriation of Endowment Asset for Expenditure	-	(87,089)	(87,089)
Other Changes:			
Distribution from Board-Designated Pursuant to Distribution Policy	(97,635)	-	(97,635)
Endowment Funds - End of Year	<u>\$ 2,201,540</u>	<u>\$ 2,777,807</u>	<u>\$ 4,979,347</u>

**Fund Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There are no fund deficiencies as of August 31, 2022 and 2021.

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 6.5% annually. Actual returns in any given year may vary from this amount.

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**NOTE 11 ENDOWMENTS (CONTINUED)**

**Strategies Employed for Achieving Objectives**

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

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

The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 6.5% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**NOTE 12 RETIREMENT PLAN**

The Foundation has a 403b defined contribution retirement plan which, upon approval of the board of directors, was frozen on December 31, 2015. Employees were eligible for participation as of their dates of employment and elected to defer a percentage of their salary subject to certain IRC limitations. The Foundation did not make any matching contributions to the 403b plan.

In August 2015, the board of directors approved a plan to adopt the Extensis Retirement Savings Plan (the Plan), the 401k defined contribution plan of its professional employer organization, which provides payroll and human resources services. This change occurred on January 1, 2016. Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of six months of 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 up to 4% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2022 and 2021 were \$39,819 and \$38,680, 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.

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**NOTE 13 CONCENTRATIONS OF CREDIT RISK (CONTINUED)**

As of August 31, 2021, there was a contribution from a single donor, in the amount of \$1,000,000, which represents 16% of total public support. For the year ended, August 31, 2022, there were no significant contribution from a single donor. Should these contribution levels decrease, the Foundation may be adversely affected.

**NOTE 14 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 335 and 251 wishes, respectively. As of August 31, 2022 and 2021, respectively, there were approximately 791 and 537 children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2022 was \$6,772 in cash and \$2,992 in in-kind for a total cost of \$9,764. The average cost of a wish for the year ended August 31, 2021 was \$4,793 in cash and \$966 in in-kind for a total cost of \$5,759.

**NOTE 15 RISK 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 78% of wishes granted and the number of granted wishes averaged approximately 468. The number of wishes granted during the years ended August 31, 2022 and 2021 was 335, and 251, respectively.

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

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**NOTE 16 PAYCHECK PROTECTION PROGRAM**

The Foundation applied for and was approved for a \$495,795 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was received on April 21, 2020. The loan accrues interest at 1%, but payments are not required to begin for six months after 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 \$495,795 on February 17, 2021.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$498,500 loan. The loan was received on February 1, 2021. The loan accrues interest at 1%, with interest deferred through a covered period of up to 24 weeks from the loan date plus 10 months, has a term of five years and is unsecured and guaranteed by the Small Business Administration. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation received forgiveness of \$498,500 on February 7, 2022.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Foundation's financial position.

**NOTE 17 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. The Foundation recognized \$339,024 and \$139,246, 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 Internal Revenue Service. 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 18 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through March 16, 2023, the date at which the financial statements were available to be issued.



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