

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

**FINANCIAL STATEMENTS**

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



CPAs | CONSULTANTS | WEALTH ADVISORS

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

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

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

#### ***Opinion***

We have audited the accompanying financial statements of Make-A-Wish Northeastern & Central California and Northern Nevada (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 Northeastern & Central California and Northern Nevada 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 Northeastern & Central California and Northern Nevada 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 Northeastern & Central California and Northern Nevada'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 Northeastern & Central California and Northern Nevada'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 Northeastern & Central California and Northern Nevada's ability to continue as a going concern for a reasonable period of time.

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



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
March 21, 2023

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
STATEMENTS OF FINANCIAL POSITION  
AUGUST 31, 2022 AND 2021**

<b>ASSETS</b>	2022	2021
Cash and Cash Equivalents	\$ 1,822,552	\$ 1,131,506
Investments	1,803,866	2,513,306
Due from Related Entities	120,404	91,349
Prepaid Expenses	169,637	108,586
Contributions Receivable, Net	559,145	413,427
Other Assets	7,580	4,624
Investments Held for Long-Term Purposes	1,500,000	1,500,000
Property and Equipment, Net	3,574,432	3,677,935
Beneficial Interest in Assets Held by Others	158,704	194,530
Total Assets	\$ 9,716,320	\$ 9,635,263
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 670,004	\$ 336,173
Due to Related Entities	477,535	30,031
Deferred Revenue	41,000	516,405
Paycheck Protection Program	-	446,000
Notes Payable	653,346	672,826
Total Liabilities	1,841,885	2,001,435
<b>NET ASSETS</b>		
Without Donor Restrictions	4,155,576	3,484,301
With Donor Restrictions	3,718,859	4,149,527
Total Net Assets	7,874,435	7,633,828
Total Liabilities and Net Assets	\$ 9,716,320	\$ 9,635,263

See accompanying Notes to Financial Statements.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Cash	\$ 4,752,973	\$ 76,336	\$ 4,829,309
Contributions, Donated Goods and Services	958,790	195,457	1,154,247
Grants	347,024	-	347,024
Total Public Support	6,058,787	271,793	6,330,580
Internal Special Events	1,592,622	-	1,592,622
Internal Special Events, Donated Goods and Services	126,393	-	126,393
Less: Costs of Direct Benefits to Donors	(577,498)	-	(577,498)
Total Internal Special Events	1,141,517	-	1,141,517
Change in Beneficial Interest in Assets Held by National	-	(35,826)	(35,826)
Investment Income (Loss), Net	(36,249)	(534,635)	(570,884)
Forgiveness of Paycheck Protection Program Loan	446,000	-	446,000
Other Income	5,899	-	5,899
Net Assets Released from Restrictions	132,000	(132,000)	-
Total Revenues, Gains, and Other Support	7,747,954	(430,668)	7,317,286
<b>EXPENSES</b>			
Program Services:			
Wish Granting	4,432,632	-	4,432,632
Training and Development	41,806	-	41,806
Public Information	218,295	-	218,295
Total Program Services	4,692,733	-	4,692,733
Support Services:			
Fundraising	1,545,568	-	1,545,568
Management and General	838,378	-	838,378
Total Support Services	2,383,946	-	2,383,946
Total Expenses	7,076,679	-	7,076,679
<b>CHANGE IN NET ASSETS</b>	671,275	(430,668)	240,607
Net Assets - Beginning of Year	3,484,301	4,149,527	7,633,828
<b>NET ASSETS - END OF YEAR</b>	\$ 4,155,576	\$ 3,718,859	\$ 7,874,435

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Cash	\$ 4,848,235	\$ 247,263	\$ 5,095,498
Contributions, Donated Goods and Services	184,944	-	184,944
Grants	219,193	-	219,193
Total Public Support	5,252,372	247,263	5,499,635
Internal Special Events	388,583	-	388,583
Internal Special Events, Donated Goods and Services	552	-	552
Less: Costs of Direct Benefits to Donors	(70,527)	-	(70,527)
Total Internal Special Events	318,608	-	318,608
Change in Beneficial Interest in Assets Held by			
National	-	24,541	24,541
Investment Income, Net	16,624	370,331	386,955
Forgiveness of Paycheck Protection Program Loan	405,000	-	405,000
Other Income (Loss)	(6,114)	-	(6,114)
Net Assets Released from Restrictions	253,899	(253,899)	-
Total Revenues, Gains, and Other Support	6,240,389	388,236	6,628,625
<b>EXPENSES</b>			
Program Services:			
Wish Granting	2,675,562	-	2,675,562
Training and Development	127,173	-	127,173
Public Information	416,201	-	416,201
Total Program Services	3,218,936	-	3,218,936
Support Services:			
Fundraising	1,102,095	-	1,102,095
Management and General	606,151	-	606,151
Total Support Services	1,708,246	-	1,708,246
Total Expenses	4,927,182	-	4,927,182
<b>CHANGE IN NET ASSETS</b>	1,313,207	388,236	1,701,443
Net Assets - Beginning of Year	2,171,094	3,761,291	5,932,385
<b>NET ASSETS - END OF YEAR</b>	\$ 3,484,301	\$ 4,149,527	\$ 7,633,828

See accompanying Notes to Financial Statements.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED AUGUST 31, 2022**

	Program Services			Support Services					
	Wish Granting	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	\$ 2,622,434	\$ -	\$ -	\$ 2,622,434	\$ -	\$ -	\$ -	\$ -	\$ 2,622,434
Salaries, Taxes, and Benefits	949,805	40,278	162,544	1,152,627	1,041,763	594,760	1,636,523	-	2,789,150
Printing, Subscriptions, and Publications	7,337	155	14,053	21,545	18,464	1,150	19,614	-	41,159
Professional Fees	106,584	362	30,621	137,567	125,017	53,073	178,090	-	315,657
Rent and Utilities	75,952	-	-	75,952	38,382	35,425	73,807	-	149,759
Postage and Delivery	4,457	10	59	4,526	3,382	605	3,987	-	8,513
Travel	12,126	138	2,630	14,894	32,139	6,579	38,718	-	53,612
Meetings and Conferences	5,094	140	85	5,319	17,829	2,049	19,878	-	25,197
Information Technology	24,405	-	3,057	27,462	23,862	13,082	36,944	-	64,406
Office Supplies	71,031	12	2,353	73,396	13,844	4,677	18,521	-	91,917
Advertising and Media	-	-	715	715	31,185	-	31,185	-	31,900
Communications	37,004	-	-	37,004	19,452	10,889	30,341	-	67,345
Repairs and Maintenance	17,082	-	-	17,082	8,745	6,456	15,201	-	32,283
Bad Debt Expense	-	-	-	-	19,656	-	19,656	-	19,656
Insurance	-	-	-	-	-	3,322	3,322	-	3,322
National Partnership Dues	393,921	-	-	393,921	71,125	82,067	153,192	-	547,113
Miscellaneous	14,309	711	2,178	17,198	43,214	3,758	46,972	-	64,170
Interest	12,957	-	-	12,957	6,623	3,259	9,882	-	22,839
Depreciation and Amortization	78,134	-	-	78,134	30,886	17,227	48,113	-	126,247
Special Event - Direct Donor Benefits	-	-	-	-	-	-	-	577,498	577,498
Total Expenses by Function	4,432,632	41,806	218,295	4,692,733	1,545,568	838,378	2,383,946	577,498	7,654,177
Less: Expenses Netted Against Revenues on the Statement of Activities:									
Special Event Expenses	-	-	-	-	-	-	-	(577,498)	(577,498)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 4,432,632	\$ 41,806	\$ 218,295	\$ 4,692,733	\$ 1,545,568	\$ 838,378	\$ 2,383,946	\$ -	\$ 7,076,679

See accompanying Notes to Financial Statements.



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

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

See accompanying Notes to Financial Statements.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
STATEMENTS OF CASH FLOWS  
YEARS ENDED AUGUST 31, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 240,607	\$ 1,701,443
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	126,247	140,415
Forgiveness of Paycheck Protection Program Loan	(446,000)	(405,000)
Bad Debt Expense and Other	19,656	37,618
Contributions Restricted for Long-Term Investment	-	(10,000)
Net Realized and Unrealized (Gains) Losses on Investments	634,185	(356,996)
Loss on Sale of Property and Equipment	501	7,219
Change in Beneficial Interest in Asset Held by National	30,116	(30,358)
Change in Discount to Present Value of Contributions Receivable	(3,469)	2,920
(Increase) Decrease in Assets:		
Contributions Receivable	(161,905)	215,225
Due from Related Entities	(29,055)	(10,743)
Prepaid Expenses	(61,051)	(9,766)
Accounts Receivable	-	19,521
Other Assets	(2,956)	1,593
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	333,831	17,693
Due to Related Entities	447,504	(24,255)
Deferred Revenue	(475,405)	294,350
Net Cash Provided by Operating Activities	652,806	1,590,879
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(1,750,076)	(4,358,745)
Purchase of Beneficial Interest in Assets Held by Others	(3,447)	(2,980)
Proceeds from Sales of Investments	1,825,331	2,808,227
Purchases of Property and Equipment	(23,245)	-
Disposition of Assets Held at Community Foundation	9,157	8,797
Net Cash Provided (Used) by Investing Activities	57,720	(1,544,701)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Restricted for Long-Term Investment	-	10,000
Proceeds from Notes Payable/Line of Credit	-	553
Proceeds from Paycheck Protection Program Loan	-	446,000
Principal Payments on Notes Payable/Line of Credit	(19,480)	(123,161)
Net Cash Provided (Used) by Financing Activities	(19,480)	333,392
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	691,046	379,570
Cash and Cash Equivalents - Beginning of Year	1,131,506	751,936
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,822,552	\$ 1,131,506
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest Expense	\$ 22,839	\$ 23,545
Contributed for Long-Term Investment	\$ -	\$ 10,000

See accompanying Notes to Financial Statements.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2022 AND 2021**

**NOTE 1 ORGANIZATION**

Make-A-Wish Northeastern & Central California and Northern Nevada (the Foundation) is a California nonprofit corporation, organized for the purpose of creating life changing wishes for children with critical illnesses. The Foundation is an independently operating chapter of Make-A-Wish Foundation® of America (National Organization), which develops and implements national programs in public relations and fundraising for the benefit of all local chapters. To be a Make-A-Wish chapter, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to nonprofit entities.

**Cash and Cash Equivalents**

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

**Investments**

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

The Foundation's investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that those changes in the values of investments will occur in the near term and that such changes could be material to the amounts reported in the statements of financial position.

**Contributions Receivable**

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions receivable are discounted using fair value rates and contributions are written off when deemed uncollectible.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 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 \$2,500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 40 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

**Fair Value Measurements**

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

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

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

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

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

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 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 be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restriction when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

**Revenue Recognition**

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

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was approximately \$-0- for the years ended August 31, 2022 and 2021, respectively. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met which is the occurrence of the event.

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



**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
AND NORTHERN NEVADA  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2022 AND 2021**

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

**Revenue Recognition (Continued)**

The Foundation estimates the fair value of these donated items based on the current market rates for similar items in the Foundation's market. The Foundation receives auction items to be sold at its special events. Contributed auction items are valued at the gross selling price received and the value is included in internal special event revenue on the statement of activities. The amount of auction items received and sold during the years ended August 31, 2022 and 2021 totaled \$184,420 and \$-0-, respectively.

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

Donated advertising and media is reported as contribution revenue and fundraising expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

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 California franchise taxes under the provisions of Internal Revenue Code Section 501(c)(3). However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2022 and 2021. The Foundation files income tax returns in the U.S. federal jurisdiction, and applicable state jurisdictions.

**Functional Expenses**

The Foundation performs five functions: wish granting, training and development, public information, fundraising, and management and general. Definitions of these functions are as follows:

**Wish Granting**

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

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

**Functional Expenses (Continued)**

Training and Development

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

Public Information

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

Fundraising

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

Management and General

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

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

**Deferred Revenue**

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

**Management Estimates**

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

**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.



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

**Adoption of Accounting Pronouncement (Continued)**

It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets along with additional qualitative information about the monetization of such assets, donor restrictions and valuation techniques. The adoption of this standard did not have any significant impact on the accompanying financial statements or disclosures.

**Accounting Pronouncement Not Yet Effective**

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

**NOTE 3 LIQUIDITY AND AVAILABILITY**

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

	<u>2022</u>	<u>2021</u>
Total Financial Assets	\$ 5,964,671	\$ 5,844,118
Donor-Imposed Restrictions:		
Restricted Funds	(660,849)	(424,882)
Endowments	<u>(3,058,010)</u>	<u>(3,724,645)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 2,245,812</u>	<u>\$ 1,694,591</u>

Financial Assets include cash and cash equivalents, investments, due from related entities, contributions receivable, and investments held for long-term purposes. For purposes of analyzing resources available to meet general expenditures over one year, the Foundation considers all expenditures related to its ongoing program activities, as well as the functions in support of those activities, to be general expenditures.

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

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

Board-designated endowment of \$264,356 and \$308,661, respectively, at August 31, 2022 and 2021 are included in financial assets above. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation), these amounts could be made available if necessary.

**NOTE 4 FAIR VALUE MEASUREMENTS**

**Fair Value of Financial Instruments**

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

The fair values of the financial instruments shown in the following table as of August 31, 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.

**Overall Investment Objective**

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

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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:

	Level 1	Level 2	Level 3	Assets Not Measured At Fair Value	Total
<u>August 31, 2022</u>					
<b>Assets</b>					
Investments:					
Mutual Funds	\$ 1,266,617	\$ -	\$ -	\$ -	\$ 1,266,617
Exchange-Traded Funds	1,786,849	-	-	-	1,786,849
Equity Securities	222,180	-	-	-	222,180
Money Market Funds	-	-	-	28,220	28,220
Beneficial Interest in Assets	-	-	158,704	-	158,704
Total Assets	<u>\$ 3,275,646</u>	<u>\$ -</u>	<u>\$ 158,704</u>	<u>\$ 28,220</u>	<u>\$ 3,462,570</u>

	Level 1	Level 2	Level 3	Assets Not Measured At Fair Value	Total
<u>August 31, 2021</u>					
<b>Assets</b>					
Investments:					
Mutual Funds	\$ 1,683,789	\$ -	\$ -	\$ -	\$ 1,683,789
Exchange-Traded Funds	1,130,444	-	-	-	1,130,444
Equity Securities	1,144,782	-	-	-	1,144,782
Money Market Funds	-	-	-	54,291	54,291
Beneficial Interest in Assets	-	-	194,530	-	194,530
Total Assets	<u>\$ 3,959,015</u>	<u>\$ -</u>	<u>\$ 194,530</u>	<u>\$ 54,291</u>	<u>\$ 4,207,836</u>

For the valuation of beneficial interest in assets held by National at August 31, 2022 and 2021, the Foundation used significant unobservable inputs (Level 3). The Foundation had \$3,447 and \$2,980 of purchases into Level 3 investments and \$9,157 and \$8,797 of sales for the years ended August 31, 2022 and 2021.

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

**Fair Value Hierarchy (Continued)**

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
Beneficial Interests in Assets Held by Others	<u>\$ 158,704</u>	FMV of Assets	Value of Underlying Assets
Type of Assets	Fair Value at August 31, 2021	Principal Valuation Technique	Unobservable Inputs
Beneficial Interests in Assets Held by Others	<u>\$ 194,530</u>	FMV of Assets	Value of Underlying Assets

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

Contributions receivable include pledges that have been discounted at 5.56% and 4.25% at August 31, 2022 and 2021, respectively. The following is a summary of the Foundation's contributions receivable at August 31:

	2022	2021
Total Amounts Due in:		
Within One Year	\$ 478,454	\$ 301,894
One to Five Years	60,000	59,840
More than Five Years	100,000	130,000
Gross Contributions Receivable	638,454	491,734
Less: Allowance for Doubtful Accounts	(22,131)	(24,598)
Less: Discount to Present Value	(57,178)	(53,709)
Contributions Receivable, Net	<u>\$ 559,145</u>	<u>\$ 413,427</u>

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**NOTE 6 SPLIT-INTEREST AGREEMENTS**

**Beneficial Interest in Assets Held by National**

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

The Foundation's beneficial interest in the trust is \$158,704 and \$194,530 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 \$937,757 and \$1,205,607 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. Amount totaling \$385,072 and \$413,610 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 \$300 and \$-0-, respectively, for the years ended August 31, 2022 and 2021, which is recorded in the accompanying statements of activities as other income.

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

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

	<u>2022</u>	<u>2021</u>
Due from National Organization	\$ 119,760	\$ 90,924
Due from Other Chapters	644	425
Total Due from Related Entities	<u>\$ 120,404</u>	<u>\$ 91,349</u>
Due to National Organization	\$ 187,831	\$ 4,206
Due to Other Chapters	289,704	25,825
Total Due to Related Entities	<u>\$ 477,535</u>	<u>\$ 30,031</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 \$53,523 and \$79,400, respectively. At August 31, 2022 and 2021, amounts due from board members totaled \$81,000 and \$57,500, respectively, and are included in contributions receivable in the accompanying statements of financial position.

**NOTE 8 PROPERTY AND EQUIPMENT, NET**

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

	<u>2022</u>	<u>2021</u>
Land	\$ 659,143	\$ 659,143
Buildings and Building Improvements	4,295,831	4,280,098
Computer Equipment and Software	103,204	109,300
Office Furniture	100,031	97,519
Automobiles	18,830	18,830
Total	<u>5,177,039</u>	<u>5,164,890</u>
Less: Accumulated Depreciation and Amortization	<u>(1,602,607)</u>	<u>(1,486,955)</u>
Property and Equipment, Net	<u>\$ 3,574,432</u>	<u>\$ 3,677,935</u>

Depreciation and amortization expense totaled \$126,247 and \$140,415, respectively for the years ended August 31, 2022 and 2021.

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**NOTE 9 NOTES PAYABLE**

The Foundation has an unsecured line of credit with a financial institution totaling \$150,000, bearing interest at the Prime rate plus 1% and expires on January 24, 2023. The Prime rate was 4.25% at August 31, 2022. There was \$-0- outstanding on this line of credit as of August 31, 2022 and 2021. The line of credit is subject to various financial and nonfinancial covenants. Subsequent to year-end, the Foundation extended their line of credit until January 24, 2025 and increased it to \$250,000.

On June 16, 2012, the Foundation entered into a note payable with a financial institution totaling \$700,000. The note bore interest at 4.25%, required principal payments in equal monthly installments of \$3,816 and a balloon payment of the remaining balance on June 18, 2022, and was secured by the building. The note was extended in 2022 with an interest rate of 5.56% and required principal payments in equal monthly installments of \$3,144 and a balloon payment of the remaining balance on June 13, 2032.

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

The remaining principal payments subsequent to August 31, 2022 are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2023	\$ 12,562
2024	13,261
2025	14,004
2026	14,792
2027	11,579
Thereafter	<u>587,148</u>
Total	<u><u>\$ 653,346</u></u>

**NOTE 10 LEASES**

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through February 28, 2025. Total rent expense for all operating leases for the years ended August 31, 2022 and 2021 totaled \$74,151 and \$76,978 respectively.

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**NOTE 10 LEASES (CONTINUED)**

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

<u>Year Ending August 31,</u>	<u>Operating Leases</u>
2023	\$ 41,485
2024	17,880
2025	8,940
Total Minimum Lease Payments	<u>\$ 68,305</u>

The Foundation signed a new copier lease signed on February 3, 2023 with monthly payments of \$214.

**NOTE 11 NET ASSETS**

**Net Assets With Donor Restrictions**

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

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 195,457	\$ -
Subject to Passage of Time:		
Beneficial Interests in Charitable Trusts Held by Others	158,704	194,530
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	<u>306,688</u>	<u>230,352</u>
Total	660,849	424,882
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	7,966	674,601
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
General Operations	3,031,544	3,030,044
Promises to Give Restricted to Endowment	18,500	20,000
Total	<u>3,058,010</u>	<u>3,724,645</u>
Total Donor-Restricted Net Assets	<u>\$ 3,718,859</u>	<u>\$ 4,149,527</u>



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**NOTE 12 ENDOWMENTS**

The Foundation is subject to the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and is required to make disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

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

**Interpretation of Relevant Law**

The board of directors of the Foundation has interpreted the California UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor-restricted net assets: (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulated earnings on the donor-restricted endowment funds. The accumulated earnings on the endowment funds remain treated as donor-restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

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

	Without Donor Restrictions	With Donor Restrictions	Total
August 31, 2022			
Donor-Restricted Endowment Funds	\$ 264,356	\$ 3,058,010	\$ 3,322,366
August 31, 2021			
Donor-Restricted Endowment Funds	\$ 308,661	\$ 3,724,645	\$ 4,033,306

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**NOTE 12 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

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

<u>August 31, 2022</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Funds - Beginning of Year	\$ 308,661	\$ 3,724,645	\$ 4,033,306
Investment Return:			
Investment Income	4,228	51,017	55,245
Net Depreciation (Realized and Unrealized)	(48,533)	(585,652)	(634,185)
Total Investment Return	(44,305)	(534,635)	(578,940)
Appropriation of Endowment Asset for Expenditure	-	(132,000)	(132,000)
Endowment Funds - End of Year	<u>\$ 264,356</u>	<u>\$ 3,058,010</u>	<u>\$ 3,322,366</u>
<u>August 31, 2021</u>	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>
Endowment Funds - Beginning of Year	\$ 192,563	\$ 3,021,966	\$ 3,214,529
Investment Return:			
Investment Income	2,322	24,461	26,783
Net Appreciation (Realized and Unrealized)	32,832	345,870	378,702
Total Investment Return	35,154	370,331	405,485
Contributions	80,944	247,263	328,207
Endowment Loan Interest	-	85,085	85,085
Appropriation of Endowment Asset for Expenditure	-	-	-
Endowment Funds - End of Year	<u>\$ 308,661</u>	<u>\$ 3,724,645</u>	<u>\$ 4,033,306</u>

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

**Fund Deficiencies**

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

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**NOTE 12 ENDOWMENTS (CONTINUED)**

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment fund(s) while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds [if none, delete]. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return equal to or greater than the rate of inflation (Consumer Price Index) plus any spending and administrative expenses thus, at a minimum, maintaining the purchasing power of those assets managed by the Foundation. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives**

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

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

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

**NOTE 13 RETIREMENT PLAN**

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code limitations. The Foundation matches employee contributions up to 3% of the employee's salary. The Foundation amended the Plan effective January 1, 2019 to make it a safe harbor plan with 4% matching contributions. Foundation contributions to the Plan for the years ended August 31, 2022 and 2021 were \$67,679 and \$67,655, respectively.

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**NOTE 14 CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash, cash equivalents, and investments. The Foundation places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit of \$250,000. From time to time throughout the year, the Foundation's cash balances may exceed the amount of the FDIC insurance coverage.

There were no concentrations of revenue for the year ended August 31, 2022. Contributions totaling \$2,200,404 were received from two donors, for the year ended August 31, 2021, which represents 37% of raised revenue which consists of total public support and gross internal special event revenue. Should these contribution levels decrease, the Foundation may be adversely affected.

Pledges receivable from three donors represent 78% of the total pledges receivable at August 31, 2022. Pledges receivable from three donors represent 71% of the total pledges receivable as of August 31, 2021.

**NOTE 15 LITIGATION AND CLAIMS**

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

**NOTE 16 COMMITMENTS**

The goal of the Foundation is to grant the wish of every eligible child. During the years ending August 31, 2021 and 2020, the Foundation granted 304 and 232 wishes, respectively. As of August 31, 2022 and 2021, respectively, there were approximately 824 and 789 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2022 was \$5,723 in cash and \$2,695 in in-kind for a total cost of \$8,418. The average cost of a wish for the year ended August 31, 2021 was \$4,510 in cash and \$2,287 in in-kind for a total cost of \$6,797.

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**NOTE 17 RISKS AND UNCERTAINTIES**

In December 2019, an outbreak of a novel strain of Coronavirus (COVID-19) began. On March 10, 2020, in conjunction with the Make-A-Wish America National Medical Advisory Council (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 408. The number of wishes granted in the years ended August 31, 2022 and 2021 was 304 and 232.

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

**NOTE 18 PAYCHECK PROTECTION PROGRAM**

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

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$446,000 loan. The loan was received on February 4, 2021. The loan accrues interest at 1%, with the first 10 months of interest deferred, has a term of five years and is unsecured and guaranteed by the Small Business Administration.

The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation received forgiveness of \$446,000 on January 4, 2022.

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

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA  
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**NOTE 19 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through March 21, 2023, the date at which the financial statements were available to be issued.



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