

**MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED AUGUST 31, 2022 AND 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of Ohio, Kentucky & Indiana  
Columbus, Ohio

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Ohio, Kentucky & Indiana (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 Ohio, Kentucky & Indiana 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 Ohio, Kentucky & Indiana 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 Ohio, Kentucky & Indiana'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 Ohio, Kentucky & Indiana'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 Ohio, Kentucky & Indiana'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**

Oak Brook, Illinois  
April 25, 2023

**MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,153,582	\$ 3,706,633
Due from Related Entities	358,325	153,058
Prepaid Expenses	1,023,385	710,612
Contributions Receivable, Net	3,778,309	1,844,914
Other Assets	157,384	226,488
Split-Interest Agreements	126,904	144,055
Investments Held for Long-Term Purposes	7,507,688	8,487,679
Property and Equipment, Net	116,512	106,196
Beneficial Interest in Assets Held by Others	<u>411,239</u>	<u>493,204</u>
Total Assets	<u><u>\$ 15,633,328</u></u>	<u><u>\$ 15,872,839</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 922,163	\$ 894,080
Due to Related Entities	196,874	15,152
Other Liabilities	240,811	75,303
Paycheck Protection Program Loan	<u>-</u>	<u>1,017,162</u>
Total Liabilities	1,359,848	2,001,697
<b>NET ASSETS</b>		
Without Donor Restrictions	10,372,909	10,459,326
With Donor Restrictions	<u>3,900,571</u>	<u>3,411,816</u>
Total Net Assets	<u>14,273,480</u>	<u>13,871,142</u>
Total Liabilities and Net Assets	<u><u>\$ 15,633,328</u></u>	<u><u>\$ 15,872,839</u></u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA**  
**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	\$ 9,266,993	\$ 1,719,511	\$ 10,986,504
Contributions, Donated Goods and Services	2,454,780	922,957	3,377,737
Grants	1,628,327	6,226	1,634,553
Total Public Support	<u>13,350,100</u>	<u>2,648,694</u>	<u>15,998,794</u>
Internal Special Events	2,469,255	97,227	2,566,482
Internal Special Events, Donated Goods and Services	8,044	-	8,044
Less Costs of Direct Benefits to Donors	(502,180)	-	(502,180)
Total Internal Special Events	<u>1,975,119</u>	<u>97,227</u>	<u>2,072,346</u>
Investment Loss, Net	(986,005)	(181,730)	(1,167,735)
Forgiveness of Paycheck Protection Program Loan	1,017,162	-	1,017,162
Other Income	26,847	-	26,847
Net Assets Released from Restrictions	<u>2,058,285</u>	<u>(2,058,285)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	17,441,508	505,906	17,947,414
<b>EXPENSES</b>			
Program Services:			
Wish Granting	12,043,414	-	12,043,414
Support Services:			
Fundraising	2,659,170	-	2,659,170
Management and General	2,823,812	-	2,823,812
Total Support Services	<u>5,482,982</u>	<u>-</u>	<u>5,482,982</u>
Total Expenses	<u>17,526,396</u>	<u>-</u>	<u>17,526,396</u>
<b>OTHER GAINS (LOSSES)</b>			
Change in Split Interest Agreements	-	(17,151)	(17,151)
Loss on Disposal of Equipment	(1,529)	-	(1,529)
Total Other Losses	<u>(1,529)</u>	<u>(17,151)</u>	<u>(18,680)</u>
<b>CHANGE IN NET ASSETS</b>	(86,417)	488,755	402,338
Net Assets - Beginning of Year	<u>10,459,326</u>	<u>3,411,816</u>	<u>13,871,142</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 10,372,909</u></u>	<u><u>\$ 3,900,571</u></u>	<u><u>\$ 14,273,480</u></u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA**  
**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	\$ 8,061,607	\$ 1,842,410	\$ 9,904,017
Contributions, Donated Goods and Services	862,457	42,692	905,149
Grants	104,594	99,833	204,427
Total Public Support	<u>9,028,658</u>	<u>1,984,935</u>	<u>11,013,593</u>
Internal Special Events	1,745,946	139,589	1,885,535
Internal Special Events, Donated Goods and Services	38,864	-	38,864
Less Costs of Direct Benefits to Donors	<u>(463,476)</u>	<u>-</u>	<u>(463,476)</u>
Total Internal Special Events	1,321,334	139,589	1,460,923
Investment Income, Net	864,246	159,740	1,023,986
Forgiveness of Paycheck Protection Program Loan	972,019	-	972,019
Other Income	683	-	683
Net Assets Released from Restrictions	<u>1,570,400</u>	<u>(1,570,400)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	13,757,340	713,864	14,471,204
<b>EXPENSES</b>			
Program Services:			
Wish Granting	7,133,120	-	7,133,120
Support Services:			
Fundraising	2,291,907	-	2,291,907
Management and General	<u>2,907,728</u>	<u>-</u>	<u>2,907,728</u>
Total Support Services	<u>5,199,635</u>	<u>-</u>	<u>5,199,635</u>
Total Expenses	<u>12,332,755</u>	<u>-</u>	<u>12,332,755</u>
<b>OTHER GAINS (LOSSES)</b>			
Change in Split Interest Agreements	-	11,769	11,769
Loss on Disposal of Equipment	<u>(11,591)</u>	<u>-</u>	<u>(11,591)</u>
Total Other Gains (Losses)	<u>(11,591)</u>	<u>11,769</u>	<u>178</u>
<b>CHANGE IN NET ASSETS</b>	1,412,994	725,633	2,138,627
Net Assets - Beginning of Year	<u>9,046,332</u>	<u>2,686,183</u>	<u>11,732,515</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 10,459,326</u></u>	<u><u>\$ 3,411,816</u></u>	<u><u>\$ 13,871,142</u></u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2022**

	Program Services	Support Services				
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	\$ 8,910,218	\$ -	\$ -	\$ -	\$ -	\$ 8,910,218
Salaries, Taxes, and Benefits	1,834,263	1,516,124	2,278,153	3,794,277	-	5,628,540
Printing, Subscriptions, and Publications	1,431	54,907	278	55,185	-	56,616
Professional Fees	65,016	63,829	64,302	128,131	-	193,147
Rent and Utilities	151,258	133,523	155,718	289,241	-	440,499
Postage and Delivery	30,436	19,817	16,777	36,594	-	67,030
Travel	36,506	58,041	7,659	65,700	-	102,206
Meetings and Conferences	8,739	108,439	9,018	117,457	-	126,196
Advertising and Media	4	111	5	116	-	120
Office Supplies	25,201	19,120	7,938	27,058	-	52,259
Communications	63,200	108,336	69,929	178,265	-	241,465
Repairs and Maintenance	16,285	14,002	16,766	30,768	-	47,053
Grants and Scholarships	90,000	-	-	-	-	90,000
National Partnership Dues	773,002	139,570	161,042	300,612	-	1,073,614
Bad Debt Expense	-	234,193	-	234,193	-	234,193
Miscellaneous	16,097	170,440	13,809	184,249	-	200,346
Depreciation and Amortization	21,758	18,718	22,418	41,136	-	62,894
Special Event - Direct Donor Benefits	-	-	-	-	502,180	502,180
Total Expenses by Function	12,043,414	2,659,170	2,823,812	5,482,982	502,180	18,028,576
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(502,180)	(502,180)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 12,043,414</u>	<u>\$ 2,659,170</u>	<u>\$ 2,823,812</u>	<u>\$ 5,482,982</u>	<u>\$ -</u>	<u>\$ 17,526,396</u>

See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2021**

	Program Services	Support Services				
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	\$ 4,345,025	\$ -	\$ -	\$ -	\$ -	\$ 4,345,025
Salaries, Taxes, and Benefits	1,568,087	1,492,065	2,363,658	3,855,723	-	5,423,810
Printing, Subscriptions, and Publications	-	48,443	26	48,469	-	48,469
Professional Fees	17,526	36,015	22,711	58,726	-	76,252
Rent and Utilities	130,245	123,873	168,452	292,325	-	422,570
Postage and Delivery	15,321	14,966	10,327	25,293	-	40,614
Travel	7,660	43,948	4,215	48,163	-	55,823
Meetings and Conferences	7,345	113,100	11,862	124,962	-	132,307
Advertising and Media - Cash	-	19	-	19	-	19
Advertising and Media - In-Kind	-	10,000	-	10,000	-	10,000
Office Supplies	28,698	16,789	8,502	25,291	-	53,989
Communications	55,911	71,977	71,009	142,986	-	198,897
Repairs and Maintenance	12,109	11,242	15,683	26,925	-	39,034
National Partnership Dues	911,454	164,568	189,886	354,454	-	1,265,908
Bad Debt Expense	-	11,110	-	11,110	-	11,110
Miscellaneous	9,592	111,324	10,109	121,433	-	131,025
Depreciation and Amortization	24,147	22,468	31,288	53,756	-	77,903
Special Event - Direct Donor Benefits	-	-	-	-	463,476	463,476
Total Expenses by Function	7,133,120	2,291,907	2,907,728	5,199,635	463,476	12,796,231
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(463,476)	(463,476)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 7,133,120</u>	<u>\$ 2,291,907</u>	<u>\$ 2,907,728</u>	<u>\$ 5,199,635</u>	<u>\$ -</u>	<u>\$ 12,332,755</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 402,338	\$ 2,138,627
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	62,894	77,903
Bad Debt Expense	234,193	11,110
Forgiveness of Paycheck Protection Program Loan	(1,017,162)	(972,019)
Net Realized and Unrealized (Gains) Losses on Investments	1,245,344	(971,664)
Loss on Sale of Property and Equipment	1,529	11,591
Change in Value of Split-Interest Agreements	17,151	(11,769)
(Increase) Decrease in Assets:		
Contributions Receivable	(2,167,588)	(512,090)
Due from Related Entities	(205,267)	350,984
Prepaid Expenses	(312,773)	(101,016)
Other Assets	69,104	(199,102)
Increase in Liabilities:		
Accounts Payable and Accrued Expenses	28,083	412,116
Due to Related Entities	181,722	10,197
Other Liabilities	165,508	22,393
Net Cash Provided (Used) by Operating Activities	<u>(1,294,924)</u>	<u>267,261</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(198,362)	(326,016)
Proceeds from Sales of Investments	14,974	64,787
Purchases of Property and Equipment	(77,038)	(24,231)
Proceeds from Sale of Property and Equipment	2,299	-
Net Cash Used by Investing Activities	<u>(258,127)</u>	<u>(285,460)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program Loan	-	1,017,162
Net Cash Provided by Financing Activities	<u>-</u>	<u>1,017,162</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,553,051)	998,963
Cash and Cash Equivalents - Beginning of Year	<u>3,706,633</u>	<u>2,707,670</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 2,153,582</u></u>	<u><u>\$ 3,706,633</u></u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of Ohio, Kentucky & Indiana (the Foundation) is an Ohio 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 OHIO, KENTUCKY & INDIANA**  
**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 \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally three to five years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the 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).

**MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

**Fair Value Measurements (Continued)**

*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.

**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 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 \$502,180 and \$471,929 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.

**MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

**Revenue Recognition (Continued)**

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

Conditional promises 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:

	Program	Fundraising	Management and General	Total
<u>August 31, 2022</u>				
Wish Related	\$ 2,415,967	\$ -	\$ -	\$ 2,415,967
Professional Services	104	1,829	107	2,040
Other	43	4,767	44	4,854
Total	<u>\$ 2,416,114</u>	<u>\$ 6,596</u>	<u>\$ 151</u>	<u>2,422,861</u>
Internal Special Events				8,044
Contributions Receivable, Net Change				880,265
In-Kind Receivable				71,418
Inventory				3,193
Total				<u>\$ 3,385,781</u>
<u>August 31, 2021</u>				
Wish Related	\$ 783,705	\$ -	\$ -	\$ 783,705
Advertising and Media	-	10,000	-	10,000
Other	309	17,299	403	18,011
Total	<u>\$ 784,014</u>	<u>\$ 27,299</u>	<u>\$ 403</u>	<u>811,716</u>
Internal Special Events				38,864
Contributions Receivable, Net Change				42,692
Inventory				50,741
Total				<u>\$ 944,013</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.

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**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. 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 \$297,108 and \$255,455, 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 Ohio taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 5733.01 of Ohio Revised Cod. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

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

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

**Functional Expenses**

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

**Wish Granting**

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

**Fundraising**

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

**Management and General**

All costs not identifiable with a 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 Rent**

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$46,228 and \$51,201, respectively at August 31, 2022 and 2021.

**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) No. 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.



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

**Accounting Pronouncement Not Yet Effective**

In February 2016, FASB issued ASU No. 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	\$ 14,336,047	\$ 14,829,543
Donor-Imposed Restrictions:		
Endowments	(1,070,430)	(1,252,161)
Split-Interest Agreements	(126,904)	(144,055)
Wish Granting	(260,107)	(170,745)
Contributions Receivable, Net	<u>(2,443,130)</u>	<u>(1,844,914)</u>
Net Financial Assets after Donor-Imposed Restrictions	10,435,476	11,417,668
Internal Designations:		
Board-Designated Endowments	<u>(6,553,179)</u>	<u>(7,545,565)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 3,882,297</u>	<u>\$ 3,872,103</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 \$6,553,179 and \$7,545,565, respectively, at August 31, 2022 and 2021 is subject to an annual spending rate of 3% as described in Note 12. 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.

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

**NOTE 4 FAIR VALUE MEASUREMENTS**

**Fair Value of Financial Instruments**

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

The fair values of the financial instruments shown in the following table as of August 31, 2022 and 2021 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

**Investments**

**Overall Investment Objective**

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

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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 Held at Fair Value	Total
<u>August 31, 2022</u>					
<b>Assets</b>					
Investments:					
Mutual Funds	\$ 4,222,091	\$ -	\$ -	\$ -	\$ 4,222,091
Equity Securities	2,365	-	-	-	2,365
Debt Securities	2,006,246	-	-	-	2,006,246
Certificates of Deposit	-	295,317	-	-	295,317
Cash	-	-	-	981,669	981,669
Total Investments	6,230,702	295,317	-	981,669	7,507,688
Split-Interest Agreements	-	-	126,904	-	126,904
Beneficial Interests in Assets					
Held by Others	-	-	411,239	-	411,239
Total	-	-	538,143	-	538,143
Total Investments and Investment for Long- Term Purposes	<u>\$ 6,230,702</u>	<u>\$ 295,317</u>	<u>\$ 538,143</u>	<u>\$ 981,669</u>	<u>\$ 8,045,831</u>

	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2021</u>					
<b>Assets</b>					
Investments:					
Mutual Funds	\$ 4,947,042	\$ -	\$ -	\$ -	\$ 4,947,042
Equity Securities	2,352	-	-	-	2,352
Debt Securities	2,076,330	-	-	-	2,076,330
Certificates of Deposit	-	183,156	-	-	183,156
Cash	-	-	-	1,278,799	1,278,799
Total Investments	7,025,724	183,156	-	1,278,799	8,487,679
Split-Interest Agreements	-	-	144,055	-	144,055
Beneficial Interests in Assets					
Held by Others	-	-	493,204	-	493,204
Total	-	-	637,259	-	637,259
Total Investments and Investment for Long- Term Purposes	<u>\$ 7,025,724</u>	<u>\$ 183,156</u>	<u>\$ 637,259</u>	<u>\$ 1,278,799</u>	<u>\$ 9,124,938</u>

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

**Fair Value Hierarchy (Continued)**

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

	2022	2021
Reinvested Interest and Dividends	\$ 1,567	\$ 2,558
Sales	(14,974)	(14,781)

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 Trusts Held by Others	\$ 411,239	Fair Market Value of Assets	Time Period of Agreement
Split-Interest Agreements	126,904	Fair Market Value of Assets	Time Period of Agreement
Total	<u>\$ 538,143</u>		

Quantitative Information About Level 3 Fair Value Measurements			
Type of Assets	Fair Value at August 31, 2021	Principal Valuation Technique	Unobservable Inputs
Beneficial Interests in Trusts Held by Others	\$ 493,204	Fair Market Value of Assets	Time Period of Agreement
Split-Interest Agreements	144,055	Fair Market Value of Assets	Time Period of Agreement
Total	<u>\$ 637,259</u>		

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

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

	2022	2021
Total Amounts Due in:		
Within One Year	\$ 3,158,309	\$ 1,504,914
One to Five Years	620,000	330,000
More than Five Years	-	10,000
Contributions Receivable, Net	<u>\$ 3,778,309</u>	<u>\$ 1,844,914</u>

Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2022 and 2021. Included in contributions receivable at August 31, 2022 is the employee retention credit receivable of \$1,292,487. See Note 18.

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**NOTE 6 BENEFICIAL INTEREST AGREEMENTS**

**Beneficial Interest in Assets Held by Others**

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 a beneficiary in one of these agreements. Accordingly, contribution revenue and the related assets are recognized at fair value in the period in which the Foundation received notice that the agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets are included within investment income in the accompanying statement of activities. As of August 31, 2022 and 2021, the Foundation had a beneficial interest in assets held by others of \$341,188 and \$418,826 held by the National Organization, respectively. See Note 4 for fair value disclosures related to these assets.

Beneficial interest in assets held by others, including those amounts held by National and by community foundations, totaled \$411,239 and \$493,204 as of August 31, 2022 and 2021, respectively.

**Split-Interest Agreements**

The Foundation is named beneficiary on six charitable remainder unitrusts, the corpus of which is not controlled by the management of the Foundation. Under these arrangements, the Foundation has the irrevocable right to receive the remaining assets in the trusts at the termination of the trusts. Accordingly, contribution revenue and the related assets are recognized at fair value in the period in which the Foundation received notice that the trust agreement conveyed 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 component of donor-restricted change in value of split-interest agreements. The Foundation received beneficial interest in these trusts as part of the acquisition of the Northwest Ohio Chapter that occurred effective September 1, 2010. The Foundation's beneficial interest in the trust is \$126,904 and \$144,055 for the years ended 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 \$2,477,012 and \$2,689,044 from these national revenue streams.

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

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 \$1,208,426 and \$1,286,967 were paid from the Foundation to the National Organization during the years ended August 31, 2022 and 2021, respectively.

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

	2022	2021
Due from National Organization	\$ 334,582	\$ 150,584
Due from Other Chapters	23,743	2,474
Total Due from Related Entities	<u>\$ 358,325</u>	<u>\$ 153,058</u>
Due to National Organization	\$ 7,147	\$ 1,184
Due to Other Chapters	189,727	13,968
Total Due to Related Entities	<u>\$ 196,874</u>	<u>\$ 15,152</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 \$1,474,859 and \$1,277,570, respectively. At August 31, 2022 and 2021, amounts due from board members totaled \$860,000 and \$835,000, 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:

	2022	2021
Computer Equipment and Software	425,892	380,981
Office Furniture and Equipment	190,614	210,430
Leasehold Improvements	83,557	75,415
Total	700,063	666,826
Less Accumulated Depreciation and Amortization	(583,551)	(560,630)
Property and Equipment, Net	<u>\$ 116,512</u>	<u>\$ 106,196</u>

Depreciation and amortization expense totaled \$62,894 and \$77,903, respectively for the years ended August 31, 2022 and 2021.

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**NOTE 9 LINE OF CREDIT**

The Foundation has an unsecured line of credit with a financial institution totaling \$500,000, bearing interest at a variable rate, to continue until an agreed upon termination date. As of August 31, 2022 and 2021, the Foundation had no amounts outstanding on this line of credit.

**NOTE 10 LEASES**

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through June 30, 2030. Total rent expense for all operating leases for the years ended August 31, 2022 and 2021 totaled \$389,222 and \$394,902, respectively.

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	\$ 371,565
2024	358,984
2025	303,706
2026	229,372
2027	225,281
Thereafter	649,916
Total Minimum Lease Payments	<u><u>\$ 2,138,824</u></u>

**NOTE 11 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	\$ 6,211,991	\$ 7,126,739
Held by National	341,188	418,826
Total Board-Designated Net Assets	<u><u>\$ 6,553,179</u></u>	<u><u>\$ 7,545,565</u></u>

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**NOTE 11 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:		
Wish Granting	\$ 260,107	\$ 170,745
In-Kind Contributions Receivable	<u>967,355</u>	<u>43,692</u>
Total	1,227,462	214,437
Subject to Passage of Time:		
Cash Contributions Receivable	1,475,775	1,801,163
Not Subject to Spending Policy or Appropriation:		
Split-Interest Agreements	126,904	144,055
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	427,966	609,697
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
To Support Any Activities of the Foundation	109,994	109,994
To Grant Disney World Wishes	150,000	150,000
To Grant Wishes in the Southern Ohio Region	125,000	125,000
To Grant Wishes in the Northern Ohio Region	242,470	242,470
To Grant Wishes in Cleveland	<u>15,000</u>	<u>15,000</u>
Total Endowments	1,070,430	1,252,161
Total Donor-Restricted Net Assets	<u>\$ 3,900,571</u>	<u>\$ 3,411,816</u>

**NOTE 12 ENDOWMENTS**

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

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



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**NOTE 12 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law**

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

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

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

August 31, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds:			
Original Gift to the Maintained in Perpetuity	\$ -	\$ 642,464	\$ 642,464
Accumulated Investment Gains	-	427,966	427,966
Board-Designated Endowment Funds			
Held by National	341,188	-	341,188
Board-Designated Endowment Funds			
Held by Chapter	6,211,991	-	6,211,991
Total Funds	<u>\$ 6,553,179</u>	<u>\$ 1,070,430</u>	<u>\$ 7,623,609</u>
August 31, 2021			
Donor-Restricted Endowment Funds:			
Original Gift to the Maintained in Perpetuity	\$ -	\$ 642,464	\$ 642,464
Accumulated Investment Gains	-	609,697	609,697
Board-Designated Endowment Funds			
Held by National	418,826	-	418,826
Board-Designated Endowment Funds			
Held by Chapter	7,126,739	-	7,126,739
Total Funds	<u>\$ 7,545,565</u>	<u>\$ 1,252,161</u>	<u>\$ 8,797,726</u>

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**NOTE 12 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

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

<u>August 31, 2022</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Funds - Beginning of Year	\$ 7,545,565	\$ 1,252,161	\$ 8,797,726
Investment Return:			
Investment Loss	(977,412)	(181,731)	(1,159,143)
Contributions	-	-	-
Appropriation of Endowment Assets Pursuant to Spending-Rate Policy	<u>(14,974)</u>	<u>-</u>	<u>(14,974)</u>
Endowment Funds - End of Year	<u>\$ 6,553,179</u>	<u>\$ 1,070,430</u>	<u>\$ 7,623,609</u>
 <u>August 31, 2021</u>			
Endowment Funds - Beginning of Year	\$ 6,694,322	\$ 942,421	\$ 7,636,743
Investment Return	866,024	159,740	1,025,764
Contributions	-	150,000	150,000
Appropriation of Endowment Assets Pursuant to Spending-Rate Policy	<u>(14,781)</u>	<u>-</u>	<u>(14,781)</u>
Endowment Funds - End of Year	<u>\$ 7,545,565</u>	<u>\$ 1,252,161</u>	<u>\$ 8,797,726</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 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 of approximately 6% annually. Actual returns in any given year may vary from this amount.

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**NOTE 12 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 3% 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 3% 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. Foundation contributions to the Plan for the year ended August 31, 2022 and 2021 were \$75,427 and \$65,198, respectively.

**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 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.

In-kind contributions totaling \$1,787,668 were received from a single donor for the year ended August 31, 2022 which represents 11% 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.

**MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

**NOTE 15 COMMITMENTS**

The goal of the Foundation is to grant the wish of every eligible child. During the years ending August 31, 2022 and 2021, the Foundation granted 856 and 539 wishes, respectively. As of August 31, 2022 and 2021, respectively, there were approximately 1,882 and 1,996 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2022 was \$7,566 in cash and \$2,785 in in-kind for a total cost of \$10,351. The average cost of a wish for the year ended August 31, 2021 was \$6,452 in cash and \$1,513 in in-kind for a total cost of \$7,965.

**NOTE 16 RISKS AND UNCERTAINTIES**

In December 2019, an outbreak of a novel strain of Coronavirus (COVID-19) began. On March 10, 2020, in conjunction with the Make-A-Wish America National Medical Advisory Council (NMAC), Make-A-Wish America issued instructions to pause travel and large gathering wishes until deemed medically safe for our vulnerable population and their families. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic.

As of September 15, 2021, in consultation with the NMAC, the pause on domestic travel to large gatherings was lifted, if travel occurred by automobile. The pause on airline travel was lifted December 1, 2021 with a graduated approach with full domestic travel resuming June of 2022. International and cruise wish travel is still paused as of August 31, 2022. Prior to fiscal year 2020, travel wishes have been approximately 79% of wishes granted and the number of granted wishes averaged approximately 785. The number of wishes granted during the years ended August 31, 2022 and 2021 was 856 and 539, respectively.

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

**NOTE 17 PAYCHECK PROTECTION PROGRAM**

The Foundation applied for and was approved for a \$972,019 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 the funding of the loan. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation received forgiveness of \$972,019 on February 2, 2021 and has included this amount in Total Revenues, Gains and Other Support in the Statement of Activities for the fiscal year ended August 31, 2021.

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**NOTE 17 PAYCHECK PROTECTION PROGRAM (CONTINUED)**

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$1,017,162 loan. The loan was received on March 17, 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 \$1,017,162 on February 1, 2022 and has included this amount in Total Revenues, Gains and Other Support in the Statement of Activities during fiscal year ended August 31, 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 18 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 year ended August 31, 2022, the Foundation applied for Employee Retention Credit (ERC) grant funding from the Internal Revenue Service. The Foundation recognized \$1,292,487 of grant revenue related to performance requirements being met in compliance with the program during the year ended August 31, 2022.

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 19 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through April 25, 2023, the date at which the financial statements were available to be issued.

