

**MAKE-A-WISH FOUNDATION® OF METRO NEW YORK
AND WESTERN NEW YORK, INC.**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2022 AND 2021



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MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Metro New York and Western New York, Inc.
New York, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Metro New York and Western New York, Inc., 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 Metro New York and Western New York, Inc. as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Make-A-Wish Foundation® of Metro New York and Western New York, Inc's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Make-A-Wish Foundation® of Metro New York and Western New York, Inc's ability to continue as a going concern for a reasonable period of time.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
February 9, 2023

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Cash Equivalents	\$ 769,169	\$ 617,085
Investments	4,917,888	6,048,130
Due from Related Entities	735,899	139,847
Prepaid Expenses	315,843	320,503
Contributions Receivable, Net	6,939,958	3,328,881
Other Assets	2,150	5,531
Restricted Cash	280,952	280,952
Investments Held for Long-Term Purposes	9,940,840	11,545,594
Property and Equipment, Net	<u>256,142</u>	<u>357,856</u>
 Total Assets	 <u>\$ 24,158,841</u>	 <u>\$ 22,644,379</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,303,520	\$ 931,070
Due to Related Entities	124,154	3,833
Paycheck Protection Program	-	769,447
Other Liabilities	149,988	350,150
Deferred Rent	<u>119,041</u>	<u>153,080</u>
Total Liabilities	<u>1,696,703</u>	<u>2,207,580</u>
NET ASSETS		
Without Donor Restrictions	10,405,229	11,199,291
With Donor Restrictions	<u>12,056,909</u>	<u>9,237,508</u>
Total Net Assets	<u>22,462,138</u>	<u>20,436,799</u>
 Total Liabilities and Net Assets	 <u>\$ 24,158,841</u>	 <u>\$ 22,644,379</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 5,401,822	\$ 4,806,245	\$ 10,208,067
Contributions, Donated Goods and Services	1,090,838	179,028	1,269,866
Grants	81,935	-	81,935
Total Public Support	<u>6,574,595</u>	<u>4,985,273</u>	<u>11,559,868</u>
Internal Special Events, Cash	3,470,945	-	3,470,945
Internal Special Events, Donated Goods and Services	77,043	-	77,043
Less Costs of Direct Benefits to Donors	<u>(599,143)</u>	<u>-</u>	<u>(599,143)</u>
Total Internal Special Events	<u>2,948,845</u>	<u>-</u>	<u>2,948,845</u>
Investment Loss, Net	(1,352,955)	(498,542)	(1,851,497)
Forgiveness of Paycheck Protection Program Loan	769,447	-	769,447
Other Income	104,425	-	104,425
Net Assets Released from Restrictions	<u>1,667,330</u>	<u>(1,667,330)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	10,711,687	2,819,401	13,531,088
EXPENSES			
Program Services:			
Wish Granting	6,321,045	-	6,321,045
Training and Development	187,020	-	187,020
Public Information	382,049	-	382,049
Total Program Services	<u>6,890,114</u>	<u>-</u>	<u>6,890,114</u>
Support Services:			
Fundraising	2,159,827	-	2,159,827
Management and General	2,455,808	-	2,455,808
Total Support Services	<u>4,615,635</u>	<u>-</u>	<u>4,615,635</u>
Total Expenses	<u>11,505,749</u>	<u>-</u>	<u>11,505,749</u>
CHANGE IN NET ASSETS			
Net Assets - Beginning of Year	(794,062)	2,819,401	2,025,339
NET ASSETS - END OF YEAR	<u>\$ 10,405,229</u>	<u>\$ 12,056,909</u>	<u>\$ 22,462,138</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 6,540,541	\$ -	\$ 6,540,541
Contributions, Donated Goods and Services	467,230	14,392	481,622
Grants	123,086	-	123,086
Total Public Support	<u>7,130,857</u>	<u>14,392</u>	<u>7,145,249</u>
Internal Special Events, Cash	370,989	-	370,989
Internal Special Events, Donated Goods and Services	14,178	-	14,178
Less Costs of Direct Benefits to Donors	(53,976)	-	(53,976)
Total Internal Special Events	<u>331,191</u>	<u>-</u>	<u>331,191</u>
Investment Income, Net	1,158,234	1,185,358	2,343,592
Forgiveness of Paycheck Protection Program Loan	1,080,000	-	1,080,000
Other Income	3,500	-	3,500
Net Assets Released from Restrictions	<u>2,858,759</u>	<u>(2,858,759)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>12,562,541</u>	<u>(1,659,009)</u>	<u>10,903,532</u>
EXPENSES			
Program Services:			
Wish Granting	4,537,595	-	4,537,595
Training and Development	311,825	-	311,825
Public Information	330,518	-	330,518
Total Program Services	<u>5,179,938</u>	<u>-</u>	<u>5,179,938</u>
Support Services:			
Fundraising	1,941,226	-	1,941,226
Management and General	1,969,090	-	1,969,090
Total Support Services	<u>3,910,316</u>	<u>-</u>	<u>3,910,316</u>
Total Expenses	<u>9,090,254</u>	<u>-</u>	<u>9,090,254</u>
CHANGE IN NET ASSETS			
Net Assets - Beginning of Year	3,472,287	(1,659,009)	1,813,278
Net Assets - End of Year	<u>7,727,004</u>	<u>10,896,517</u>	<u>18,623,521</u>
NET ASSETS - END OF YEAR	<u>\$ 11,199,291</u>	<u>\$ 9,237,508</u>	<u>\$ 20,436,799</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2022

	Program Services				Support Services			Direct		Total
	Wish Granting	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	Donor Benefits		
Direct Costs of Wishes	\$ 3,400,618	\$ -	\$ -	\$ 3,400,618	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,400,618
Salaries, Taxes, and Benefits	1,789,458	158,690	311,048	2,259,196	1,646,307	1,539,503	3,185,810	-	-	5,445,006
Printing, Subscriptions, and Publications	1,350	422	1,507	3,279	12,937	10,210	23,147	-	-	26,426
Professional Fees	9,582	2,863	771	13,216	59,223	230,114	289,337	-	-	302,553
Rent and Utilities	197,862	17,074	47,904	262,840	126,963	179,455	306,418	-	-	569,258
Postage and Delivery	25,005	217	1,045	26,267	4,957	4,261	9,218	-	-	35,485
Travel	5,083	-	-	5,083	9,923	11,178	21,101	-	-	26,184
Meetings and Conferences	4,032	215	1,344	5,591	27,052	7,322	34,374	-	-	39,965
Office Supplies	6,843	320	539	7,702	3,942	4,649	8,591	-	-	16,293
Communications	22,248	1,629	3,609	27,486	13,640	18,446	32,086	-	-	59,572
Advertising and Media	2,146	10	606	2,762	197	72,256	72,453	-	-	75,215
Repairs and Maintenance	10,384	727	3,414	14,525	6,414	8,130	14,544	-	-	29,069
Insurance	25,028	-	-	25,028	3,485	19,392	22,877	-	-	47,905
Membership Dues	-	-	1,120	1,120	1,129	-	1,129	-	-	2,249
Grants and Scholarships	100,000	-	-	100,000	-	-	-	-	-	100,000
National Partnership Dues	644,752	-	-	644,752	96,331	209,831	306,162	-	-	950,914
Miscellaneous	43,339	2,183	3,596	49,118	126,252	101,953	228,205	-	-	277,323
Depreciation	33,315	2,670	5,546	41,531	21,075	39,108	60,183	-	-	101,714
Special Event - Direct Donor Benefits	-	-	-	-	-	-	-	599,143	599,143	599,143
Total Expenses by Function	6,321,045	187,020	382,049	6,890,114	2,159,827	2,455,808	4,615,635	599,143	599,143	12,104,892
Less: Expenses Netted Against Revenues on the Statement of Activities:										
Special Event Expenses	-	-	-	-	-	-	-	(599,143)	(599,143)	(599,143)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 6,321,045</u>	<u>\$ 187,020</u>	<u>\$ 382,049</u>	<u>\$ 6,890,114</u>	<u>2,159,827</u>	<u>\$ 2,455,808</u>	<u>\$ 4,615,635</u>	<u>\$ -</u>	<u>\$ 11,505,749</u>	

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
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	\$ 1,935,065	\$ -	\$ -	\$ 1,935,065	\$ -	\$ -	\$ -	\$ -	\$ 1,935,065
Salaries, Taxes, and Benefits	1,618,932	190,139	243,196	2,052,267	1,549,092	1,502,038	3,051,130	-	5,103,397
Printing, Subscriptions, and Publications	925	279	2,869	4,073	6,475	10,807	17,282	-	21,355
Professional Fees	4,732	4,206	765	9,703	22,228	33,270	55,498	-	65,201
Advertising and Media	884	-	681	1,565	-	19,614	19,614	-	21,179
Rent and Utilities	220,027	82,600	59,060	361,687	126,671	76,099	202,770	-	564,457
Postage and Delivery	12,833	1,140	725	14,698	5,261	3,746	9,007	-	23,705
Travel	3,261	38	-	3,299	2,888	1,518	4,406	-	7,705
Meetings and Conferences	3,800	1,510	1,000	6,310	13,030	7,112	20,142	-	26,452
Office Supplies	1,074	222	207	1,503	3,482	26,853	30,335	-	31,838
Communications	25,939	8,418	5,827	40,184	21,691	12,715	34,406	-	74,590
Repairs and Maintenance	19,914	7,231	5,111	32,256	10,755	9,726	20,481	-	52,737
Insurance	19,564	-	-	19,564	6,203	18,106	24,309	-	43,873
Bad Debt Expense	-	-	-	-	-	68,411	68,411	-	68,411
Membership Dues	-	-	88	88	1,010	3,850	4,860	-	4,948
Grants and Scholarships	50,000	-	-	50,000	-	-	-	-	50,000
National Partnership Dues	573,459	-	-	573,459	103,541	119,471	223,012	-	796,471
Miscellaneous	5,540	4,193	1,377	11,110	43,993	26,070	70,063	-	81,173
Depreciation	41,646	11,849	9,612	63,107	24,906	29,684	54,590	-	117,697
Special Event - Direct Donor Benefits	-	-	-	-	-	-	-	53,976	53,976
Total Expenses by Function	4,537,595	311,825	330,518	5,179,938	1,941,226	1,969,090	3,910,316	53,976	9,144,230
Less: Expenses Netted Against Revenues on the Statement of Activities:								(53,976)	(53,976)
Special Event Expenses	-	-	-	-	-	-	-	-	-
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 4,537,595	\$ 311,825	\$ 330,518	\$ 5,179,938	\$ 1,941,226	\$ 1,969,090	\$ 3,910,316	\$ -	\$ 9,090,254

See accompanying Notes to Financial Statements.

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

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,025,339	\$ 1,813,278
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	101,714	117,697
Amortization of Deferred Lease Incentive	(25,513)	(25,513)
Forgiveness of Paycheck Protection Program Loan	(769,447)	(1,080,000)
Bad Debt Expense	-	68,411
Net Realized and Unrealized (Gains) Losses on Investments	2,581,907	(2,029,150)
(Accrue) Decrease in Assets:		
Contributions Receivable	(3,611,077)	2,241,737
Due from Related Entities	(596,052)	(31,841)
Prepaid Expenses	4,660	(17,470)
Other Assets	3,381	-
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	372,450	511,467
Due to Related Entities	120,321	(4,509)
Other Liabilities	(174,649)	252,979
Deferred Rent	(34,039)	(26,347)
Net Cash Provided (Used) by Operating Activities	<u>(1,005)</u>	<u>1,790,739</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(3,356,240)	(6,585,337)
Proceeds from Sales of Investments	3,509,329	3,550,295
Purchases of Property and Equipment	-	(6,193)
Net Cash Provided (Used) by Investing Activities	<u>153,089</u>	<u>(3,041,235)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	<u>-</u>	<u>769,447</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>152,084</u>	<u>(481,049)</u>
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>898,037</u>	<u>1,379,086</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u><u>\$ 1,050,121</u></u>	<u><u>\$ 898,037</u></u>

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Metro New York and Western New York, Inc. (the Foundation) is a New York 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.

Restricted Cash

The Foundation is required by its landlord to maintain a secured letter of credit throughout the term of the lease for office space. This amount is classified as restricted cash on the statement of financial position.

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 METRO NEW YORK AND WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost of greater than \$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 FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

The Foundation's 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 \$599,143 and \$53,976 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 contribution revenue.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Conditional promises are recorded as revenue once the conditions are 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.

Conditional promises to give are not recognized as contribution revenue and receivables until the conditions have been substantially met. Aside from special events fees and sponsorships noted under other liabilities footnote, Foundation did not have any conditional promises outstanding for the years ended August 31, 2022 and 2021, respectively.

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

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2022</u>				
Wish Related	\$ 1,085,642	\$ -	\$ -	\$ 1,085,642
Professional Services	-	-	-	-
Other	-	4,247	949	5,196
Subtotal	<u>\$ 1,085,642</u>	<u>\$ 4,247</u>	<u>\$ 949</u>	<u>1,090,838</u>
Internal Special Events				77,043
Total				<u>\$ 1,167,881</u>
<u>August 31, 2021</u>				
Wish Related	\$ 425,910	\$ -	\$ -	\$ 425,910
Professional Services	-	11,000	-	11,000
Other	-	9,490	20,830	30,320
Subtotal	<u>\$ 425,910</u>	<u>\$ 20,490</u>	<u>\$ 20,830</u>	<u>467,230</u>
Internal Special Events				14,178
Total				<u>\$ 481,408</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. Donated rent is valued and reported at the estimated fair value on the basis of comparable lease agreements in the Foundation's market.

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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 \$472,569 and \$86,393, respectively.

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.

Cash Flows

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the totals of the same such amounts shown in the statements of cash flows:

	2022	2021
Cash and Cash Equivalents	\$ 769,169	\$ 617,085
Restricted Cash	280,952	280,952
Total	<u>\$ 1,050,121</u>	<u>\$ 898,037</u>

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and New York state taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 7A and the EPTL Section 8-13.4 of the New York State Department of Law Charities Bureau. 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 five functions: wish granting, program-related support, 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.

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.

Other Liabilities

Other liabilities consist of \$61,657 and \$87,170 of deferred lease incentive at August 31, 2022 and 2021, respectively. This represents the unamortized portion of leasehold improvements that were contributed to the Foundation by its landlord during the years ended August 31, 2022 and 2021, respectively. The corresponding leasehold improvement assets are recorded in property and equipment on the accompanying statement of financial position.

The remaining balance of \$88,331 and \$262,980 consists of deferred fees and sponsorships received in advance of fundraising events that will occur at a future date.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$119,041 and \$153,080, respectively, at August 31, 2022 and 2021.

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. 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.

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
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NOTE 3 LIQUIDITY AND AVAILABILITY

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

	2022	2021
Total Financial Assets	\$ 23,303,754	\$ 21,679,537
Donor-Imposed Restrictions:		
Restricted Funds	(6,513,236)	(3,000,560)
Endowments	<u>(5,543,673)</u>	<u>(6,236,948)</u>
Net Financial Assets after Donor-Imposed Restrictions	11,246,845	12,442,029
Internal Designations:		
Board-Designated Endowments	<u>(4,402,167)</u>	<u>(5,308,646)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 6,844,678</u>	<u>\$ 7,133,383</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.

Board-designated endowment of \$4,402,167 and \$5,308,646, respectively, at August 31, 2022 and 2021 is subject to an annual spending rate of 5% as described in Note 11. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, CDs, and money market funds. Occasionally, the board designates a portion of any operating surplus to its operating reserve, which was \$4,917,888 and \$6,048,130 as of August 31, 2022 and 2021, respectively.

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

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

Overall Investment Objective

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

In addition to traditional stocks and fixed income securities, the Foundation may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity, and real asset strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly. Private equity funds employ buy-out and venture capital strategies and focus on investments in turn-around situations. Real estate funds generally hold interests in public real estate investment trusts (REITS) or commercial real estate through sole-member entities. Private equity and real asset strategies therefore often require the estimation of fair values by the fund managers in the absence of readily determinable market values.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments (Continued)

Allocation of Investment Strategies

Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Foundation's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.

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:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments not Held at Fair Value	Total
August 31, 2022					
Assets					
Investments:					
Mutual Funds	\$ 11,864,137	\$ -	\$ -	\$ -	\$ 11,864,137
Debt Securities	-	2,342,898	-	-	2,342,898
Cash	-	-	-	651,693	651,693
Total Recurring	<u>11,864,137</u>	<u>2,342,898</u>	<u>-</u>	<u>651,693</u>	<u>14,858,728</u>
Total Assets	<u>\$ 11,864,137</u>	<u>\$ 2,342,898</u>	<u>\$ -</u>	<u>\$ 651,693</u>	<u>\$ 14,858,728</u>
August 31, 2021					
Assets					
Investments:					
Mutual Funds	\$ 11,066,842	\$ -	\$ -	\$ -	\$ 11,066,842
Debt Securities	-	4,134,683	-	-	4,134,683
Cash	-	-	-	2,392,199	2,392,199
Total Recurring	<u>11,066,842</u>	<u>4,134,683</u>	<u>-</u>	<u>2,392,199</u>	<u>17,593,724</u>
Total Assets	<u>\$ 11,066,842</u>	<u>\$ 4,134,683</u>	<u>\$ -</u>	<u>\$ 2,392,199</u>	<u>\$ 17,593,724</u>

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NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from 3.27% to 2.48% at August 31, 2022 and 2021. The following is a summary of the Foundation's contributions receivable at August 31:

	<u>2022</u>	<u>2021</u>
Total Amounts Due in:		
Within One Year	\$ 1,879,511	\$ 1,820,411
One to Five Years	<u>5,556,002</u>	<u>1,519,428</u>
Gross Contributions Receivable	7,435,513	3,339,839
Less: Discount to Present Value	<u>(495,555)</u>	<u>(10,958)</u>
Contributions Receivable, Net	<u><u>\$ 6,939,958</u></u>	<u><u>\$ 3,328,881</u></u>

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2022 and 2021, respectively, the Foundation received \$2,276,707 and \$2,545,087 from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$950,914 and \$796,471 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 \$85,850 and \$3,500 for the years ended August 31, 2022 and 2021, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	<u>2022</u>	<u>2021</u>
Due from National Organization	\$ 287,706	\$ 113,318
Due from Other Chapters	<u>448,193</u>	<u>26,529</u>
Total Due from Related Entities	<u><u>\$ 735,899</u></u>	<u><u>\$ 139,847</u></u>
Due to National Organization	\$ 59,410	\$ 523
Due to Other Chapters	<u>64,744</u>	<u>3,310</u>
Total Due to Related Entities	<u><u>\$ 124,154</u></u>	<u><u>\$ 3,833</u></u>

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
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NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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 \$849,714 and \$229,219, respectively. At August 31, 2022 and 2021, amounts due from board members totaled \$148,201 and \$229,219, respectively, and are included in contributions receivable in the accompanying statements of financial position.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	<u>2022</u>	<u>2021</u>
Computer Equipment and Software	\$ 144,595	\$ 144,595
Office Furniture	158,658	158,658
Other Equipment	51,565	51,565
Leasehold Improvements	<u>417,719</u>	<u>417,719</u>
Total	772,537	772,537
Less: Accumulated Depreciation	(516,395)	(414,681)
Property and Equipment, Net	<u>\$ 256,142</u>	<u>\$ 357,856</u>

Depreciation expense totaled \$101,714 and \$117,697, respectively, for the years ended August 31, 2022 and 2021.

NOTE 8 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through August 31, 2025. Total rent expense for all operating leases, including the deferred rent recognized, for the years ended August 31, 2022 and 2021 totaled \$532,947 and \$531,106, respectively.

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NOTE 8 LEASES (CONTINUED)

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

<u>Year Ending August 31,</u>	<u>Operating Leases</u>
2023	\$ 485,534
2024	483,398
2025	201,057
Total	<u>\$ 1,169,989</u>

NOTE 9 NET ASSETS

Net Assets With Donor Restrictions

Board-designated net assets totaled \$4,402,167 and \$5,308,646 at August 31, 2022 and 2021, respectively.

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	\$ 179,028	\$ 14,391
Total	<u>179,028</u>	<u>14,391</u>
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	6,334,208	2,986,169
Total	<u>6,334,208</u>	<u>2,986,169</u>
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	1,961,664	2,659,939
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity	3,582,009	3,577,009
Total	<u>5,543,673</u>	<u>6,236,948</u>
Total Donor-Restricted Net Assets	<u>\$ 12,056,909</u>	<u>\$ 9,237,508</u>

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NOTE 10 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 63 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 statement of financial position.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the New York state 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

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NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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	\$ -	\$ 5,543,673	\$ 5,543,673
Board-Designated Endowment Funds	4,402,167	-	4,402,167
Total Funds	\$ 4,402,167	\$ 5,543,673	\$ 9,945,840
 August 31, 2021	 	 	
Donor-Restricted Endowment Funds	\$ -	\$ 6,236,948	\$ 6,236,948
Board-Designated Endowment Funds	5,308,646	-	5,308,646
Total Funds	\$ 5,308,646	\$ 6,236,948	\$ 11,545,594

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

	Without Donor Restrictions	With Donor Restrictions	Total
August 31, 2022			
Endowment Funds - Beginning of Year	\$ 5,308,646	\$ 6,236,948	\$ 11,545,594
Investment Return:			
Investment Income	268,475	190,444	458,919
Net Appreciation (Realized and Unrealized)	(971,042)	(688,986)	(1,660,028)
Total Investment Return	(702,567)	(498,542)	(1,201,109)
Contributions	64,420	5,000	69,420
Appropriation of Endowment Asset for Expenditure	(268,332)	(199,733)	(468,065)
Endowment Funds - End of Year	\$ 4,402,167	\$ 5,543,673	\$ 9,945,840
 August 31, 2021	 	 	
Endowment Funds - Beginning of Year	\$ 4,750,791	\$ 5,245,477	\$ 9,996,268
Investment Return:			
Investment Income	150,611	100,311	250,922
Net Appreciation (Realized and Unrealized)	549,846	1,085,047	1,634,893
Total Investment Return	700,457	1,185,358	1,885,815
Contributions	110,545	-	110,545
Appropriation of Endowment Asset for Expenditure	(253,147)	(193,887)	(447,034)
Endowment Funds - End of Year	\$ 5,308,646	\$ 6,236,948	\$ 11,545,594

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NOTE 10 ENDOWMENTS (CONTINUED)

Fund Deficiencies

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

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified periods as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. 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 6% 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 11 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 4% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2022 and 2021 were \$90,496 and \$88,805, respectively.

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NOTE 12 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.

For the year ended August 31, 2022, a \$5,000,000 contribution was received from a single donor, which represented 36% of total public support. There were no significant revenue concentrations applicable to the year ended August 31, 2021.

NOTE 13 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 14 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal years ending August 31, 2022 and 2021, the Foundation granted 426 and 419 wishes, respectively. As August 31, 2022 and 2021, there were approximately 982 and 1,006, wish children, respectively, who are eligible for a wish. The average cost of a wish for the fiscal years ending August 31, 2022 and 2021 was \$5,530 cash and \$2,731 in in-kind for a total of \$8,260 and \$3,918 in cash and \$1,010 in in-kind for a total cost of \$4,928, respectively.

NOTE 15 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 82% of wishes granted and the number of granted wishes averaged approximately 700. The number of wishes granted during the years ended August 31, 2022 and 2021 was 426 and 419, respectively.

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NOTE 15 RISKS AND UNCERTAINTIES (CONTINUED)

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

NOTE 16 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$1,080,000 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 17, 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 \$1,080,000 on February 22, 2021.

Under the second round of PPP funding, the Foundation applied for and was approved for an additional \$769,447 loan. The loan was received on February 8, 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 \$769,447 on October 1, 2021.

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

NOTE 17 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through February 9, 2023, the date at which the financial statements were available to be issued.



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