MAKE-A-WISH FOUNDATION® OF GREATER VIRGINIA

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Greater Virginia
Richmond, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Greater Virginia (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 Greater Virginia 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 Greater Virginia 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 Greater Virginia'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 Greater Virginia'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 Greater Virginia'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

Phoenix, Arizona
January 23, 2023

MAKE-A-WISH FOUNDATION® OF GREATER VIRGINIA
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	$ 377,605	$ 666,513
Investments	381,215	438,399
Due from Related Entities	78,499	45,817
Prepaid Expenses	61,086	67,000
Contributions Receivable, Net	258,625	195,724
Other Assets	13,486	10,394
Investments Held for Long-Term Purposes	108,353	100,667
Property and Equipment, Net	19,628	4,382
Total Assets	$ 1,298,497	$ 1,528,896
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 157,582	$ 140,670
Due to Related Entities	47,578	1,520
Deferred Rent	9,212	11,054
Capital Lease Obligations	14,149	1,636
Other Liabilities	1,000	399
Paycheck Protection Program	-	149,140
Total Liabilities	229,521	304,419
NET ASSETS		
Without Donor Restrictions	765,110	898,250
With Donor Restrictions	303,866	326,227
Total Net Assets	1,068,976	1,224,477
Total Liabilities and Net Assets	$ 1,298,497	$ 1,528,896

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER VIRGINIA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	$ 1,560,920	$ 59,898	$ 1,620,818
Contributions, Donated Goods and Services	265,126	73,867	338,993
Grants	127,924	10,000	137,924
Total Public Support	1,953,970	143,765	2,097,735
Internal Special Events, Cash	240,012	-	240,012
Internal Special Events, Donated Goods and Services	12,876	-	12,876
Less: Costs of Direct Benefits to Donors	(29,685)	-	(29,685)
Total Internal Special Events	223,203	-	223,203
Investment Income, Net	(57,049)	(18,469)	(75,518)
Forgiveness of Paycheck Protection Program Loan	149,140	-	149,140
Other Income	1,096	-	1,096
Net Assets Released from Restrictions	147,657	(147,657)	-
Total Revenues, Gains, and Other Support	2,418,017	(22,361)	2,395,656
EXPENSES			
Program Services:			
Wish Granting	1,549,622	-	1,549,622
Support Services:			
Fundraising	549,856	-	549,856
Management and General	451,648	-	451,648
Total Support Services	1,001,504	-	1,001,504
Total Expenses	2,551,126	-	2,551,126
OTHER LOSSES			
Loss on Disposal of Property and Equipment	31	-	31
CHANGE IN NET ASSETS	(133,140)	(22,361)	(155,501)
Net Assets - Beginning of Year	898,250	326,227	1,224,477
NET ASSETS - END OF YEAR	$ 765,110	$ 303,866	$ 1,068,976

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER VIRGINIA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	$ 1,549,387	$ 16,169	$ 1,565,556
Contributions, Donated Goods and Services	100,861	-	100,861
Grants	172,036	12	172,048
Total Public Support	1,822,284	16,181	1,838,465
Internal Special Events, Cash	186,857	-	186,857
Internal Special Events, Donated Goods and Services	1,462	-	1,462
Less: Costs of Direct Benefits to Donors	(13,204)	-	(13,204)
Total Special Events	175,115	-	175,115
Investment Income, Net	8,353	16,800	25,153
Forgiveness of Paycheck Protection Program Loan	149,100	-	149,100
Other Income	956	-	956
Net Assets Released from Restrictions	158,372	(158,372)	-
Total Revenues, Gains, and Other Support	2,314,180	(125,391)	2,188,789
EXPENSES			
Program Services:			
Wish Granting	1,090,587	-	1,090,587
Support Services:			
Fundraising	463,339	-	463,339
Management and General	377,972	-	377,972
Total Support Services	841,311	-	841,311
Total Expenses	1,931,898	-	1,931,898
CHANGE IN NET ASSETS	382,282	(125,391)	256,891
Net Assets - Beginning of Year	515,968	451,618	967,586
NET ASSETS - END OF YEAR	$ 898,250	$ 326,227	$ 1,224,477

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER VIRGINIA
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	$ 954,608	$ -	$ -	$ -	$ -	$ 954,608
Salaries, Taxes, and Benefits	400,744	423,643	320,594	744,237	-	1,144,981
Printing, Subscriptions, and Publications	1,906	10,043	1,634	11,677	-	13,583
Professional Fees	1,621	11,572	61,896	73,468	-	75,089
Rent and Utilities	25,752	27,224	20,602	47,826	-	73,578
Postage and Delivery	4,721	4,744	909	5,653	-	10,374
Travel	74	7,178	1,240	8,418	-	8,492
Meetings and Conferences	487	5,581	660	6,241	-	6,728
Office Supplies	10,675	1,374	852	2,226	-	12,901
Communications	4,179	5,228	3,073	8,301	-	12,480
Advertising and Media (Cash)	-	871	-	871	-	871
Advertising and Media (In-Kind)	-	4,850	-	4,850	-	4,850
Repairs and Maintenance	946	1,000	882	1,882	-	2,828
Bad Debt	-	3,600	-	3,600	-	3,600
Membership Dues	411	1,109	329	1,438	-	1,849
National Partnership Dues	137,014	24,739	28,545	53,284	-	190,298
Miscellaneous	5,340	15,890	9,516	25,406	-	30,746
Depreciation and Amortization	1,144	1,210	916	2,126	-	3,270
Special Event - Direct Donor Benefits	-	-	-	-	29,685	29,685
Total Expenses by Function	1,549,622	549,856	451,648	1,001,504	29,685	2,580,811
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(29,685)	(29,685)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 1,549,622	$ 549,856	$ 451,648	$ 1,001,504	$ -	$ 2,551,126

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER VIRGINIA
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	$ 582,117	$ -	$ -	$ -	$ -	$ 582,117
Salaries, Taxes, and Benefits	330,428	349,309	264,342	613,651	-	944,079
Printing, Subscriptions, and Publications	792	7,860	664	8,524	-	9,316
Professional Fees	2,946	7,256	50,863	58,119	-	61,065
Rent and Utilities	26,277	27,885	21,022	48,907	-	75,184
Postage and Delivery	3,118	5,701	644	6,345	-	9,463
Travel	203	1,804	148	1,952	-	2,155
Meetings and Conferences	504	2,011	456	2,467	-	2,971
Office Supplies	4,860	1,925	1,201	3,126	-	7,986
Communications	3,907	5,103	3,126	8,229	-	12,136
Advertising and Media (Cash)	-	11,980	-	11,980	-	11,980
Repairs and Maintenance	438	463	351	814	-	1,252
Bad Debt	-	5,000	-	5,000	-	5,000
Insurance	98	104	79	183	-	281
Membership Dues	113	291	50	341	-	454
National Partnership Dues	126,055	22,760	26,261	49,021	-	175,076
Miscellaneous	5,335	10,298	6,049	16,347	-	21,682
Depreciation and Amortization	3,396	3,589	2,716	6,305	-	9,701
Special Event - Direct Donor Benefits	-	-	-	-	13,204	13,204
Total Expenses by Function	1,090,587	463,339	377,972	841,311	13,204	1,945,102
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(13,204)	(13,204)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 1,090,587	$ 463,339	$ 377,972	$ 841,311	$ -	$ 1,931,898

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER VIRGINIA
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (155,501)	$ 256,891
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	3,270	9,701
Forgiveness of Paycheck Protection Program Loan	(149,140)	(149,100)
Bad Debt	3,600	5,000
Net Realized and Unrealized Gains (Losses) on Investments	88,741	(12,995)
Loss on Disposal of Property and Equipment	31	-
Contributed Other Assets	2,690	1,695
Change in Discount to Present Value of Contributions Receivable	772	(3,673)
(Increase) Decrease in Assets:		
Contributions Receivable	(67,273)	117,694
Due from Related Entities	(32,682)	4,440
Prepaid Expenses	5,914	(13,321)
Other Assets	(5,782)	(3,465)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	16,912	59,998
Due to Related Entities	46,058	(60,999)
Other Liabilities	601	(956)
Deferred Rent	(1,842)	1,842
Net Cash Provided (Used) by Operating Activities	(243,631)	212,752
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(70,804)	(189,533)
Proceeds from Sales of Investments	31,561	177,190
Purchases of Property and Equipment	(4,008)	(2,786)
Net Cash Used by Investing Activities	(43,251)	(15,129)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(2,026)	(3,395)
Proceeds from Notes Payable	-	149,140
Net Cash Provided (Used) by Financing Activities	(2,026)	145,745
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(288,908)	343,368
Cash and Cash Equivalents - Beginning of Year	666,513	323,145
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 377,605	$ 666,513
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid For Interest	$ 1,085	$ 248
Acquisition of Equipment Through a Capital Lease	$ 14,539	$ -
Contributed Other Assets	$ 2,690	$ 1,695

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Greater Virginia (the Foundation) is a Virginia nonprofit corporation, organized for the purpose of granting wishes to 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. In addition, 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost 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).

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are place 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 $30,000 and $18,000 for the years ended August 31, 2022 and 2021, respectively. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met which is the occurrence of the event.

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

Conditional promises are recorded as revenue and receivables until the conditions have been substantially met.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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
August 31, 2022				
Wish Related	$ 247,085	$ -	$ -	$ 247,085
Advertising and Media	-	4,850	-	4,850
Other	4,095	10,016	1,582	15,693
Total	$ 251,180	$ 14,866	$ 1,582	267,628
Internal Special Events				7,684
Contributions Receivable, Net Change				73,867
Other Assets, Net Change				2,690
Total				$ 351,869
August 31, 2021				
Wish Related	$ 91,230	$ -	$ -	$ 91,230
Professional Services	-	-	150	150
Other	525	3,618	518	4,661
Total	$ 91,755	$ 3,618	$ 668	96,041
Internal Special Events				4,587
Other Assets, Net Change				1,695
Total				$ 102,323

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.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Advertising and media are used to help the Foundation communicate its message or mission and includes fundraising 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 are 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 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 Virginia taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 58.1 of the Virginia code. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

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

Functional Expenses

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

Wish Granting

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

Fundraising

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

Management and General

All costs not identifiable with a specific program 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 $9,212 and $11,054, 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) 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.

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	$ 1,204,297	$ 1,447,120
Donor-Imposed Restrictions:		
Restricted Funds	(195,513)	(225,560)
Endowments	(108,353)	(100,667)
Net Financial Assets after Donor-Imposed Restrictions	900,431	1,120,893
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 900,431	$ 1,120,893

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.

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

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

Overall Investment Objective

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

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value of Financial Instruments (Continued)

Allocation of Investment Strategies

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. 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 placement in 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
August 31, 2022					
Investments:					
Exchange-Traded Funds	$ 487,056	$ -	$ -	$ -	$ 487,056
Cash	-	-	-	2,512	2,512
Total Investments	$ 487,056	$ -	$ -	$ 2,512	$ 489,568
August 31, 2021					
Investments:					
Exchange-Traded Funds	$ 536,605	$ -	$ -	$ -	$ 536,605
Cash	-	-	-	2,461	2,461
Total Investments	$ 536,605	$ -	$ -	$ 2,461	$ 539,066

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at 3.27% and 1.92% at August 31, 2022 and 2021, respectively. The following is a summary of the Foundation's contributions receivable at August 31:

	2022	2021
Total Amounts Due in:		
Within One Year	$ 215,358	$ 131,934
One to Five Years	45,870	65,621
Gross Contributions Receivable	261,228	197,555
Less Discount to Present Value	(2,603)	(1,831)
Contributions Receivable, Net	$ 258,625	$ 195,724

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 $642,899 and $809,407 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. Amounts totaling $267,334 and $229,760 were paid from the Foundation to the National Organization during the year 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 $600 and $-0-, respectively, for the years ended August 31, 2022 and 2021, which is recorded in the accompanying statements of activities as other income.

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

	2022	2021
Due from National Organization	$ 77,220	$ 45,817
Due from Other Chapters	1,279	-
Total Due from Related Entities	$ 78,499	$ 45,817
Due to National Organization	$ 4,296	$ 1,520
Due to Other Chapters	43,282	-
Total Due to Related Entities	$ 47,578	$ 1,520

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 $86,805 and $137,614, respectively. At August 31, 2022 and 2021, amounts due from board members totaled $14,278 and $88,428, respectively, and are included in contributions receivable in the accompanying statements of financial position.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2022	2021
Computer Equipment and Software	$ 59,153	$ 55,145
Office Furniture and Other Equipment	21,118	26,723
Leasehold Improvements	5,255	5,255
Total	85,526	87,123
Less: Accumulated Depreciation and Amortization	(65,898)	(82,741)
Property and Equipment, Net	$ 19,628	$ 4,382

Depreciation and amortization expense totaled $3,270 and $9,701, respectively for the years ended August 31, 2022 and 2021.

NOTE 8 LEASES

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through September 2027. As of August 31, 2022 and 2021, the cost of leased property and equipment under capital leases was $14,539 and $16,110, respectively, and accumulated depreciation was $462 and $14,576, respectively. Total rent expense for all operating leases for the years ended August 31, 2022 and 2021 totaled $71,828 .

NOTE 8 LEASES (CONTINUED)

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

Year Ending August 31,	Operating Leases	Capital Leases
2023	$ 78,123	$ 3,276
2024	40,367	3,276
2025	768	3,276
2026	768	3,276
2027	960	3,549
Total Minimum Lease Payments	$ 120,986	16,653
Less: Amounts Representing Interest		(2,504)
Present Value of Net Minimum Lease Payments		$ 14,149

NOTE 9 NET ASSETS

Net Assets With Donor Restrictions

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

	2022	2021
Subject to Expenditure for Specified Purpose:		
Wish Granting	$ 84,207	$ 1,000
Bequest for Annual Wish (Virginia Beach)	26,486	33,917
Total	110,693	34,917
Subject to Passage of Time:		
Cash Pledges Receivable	84,820	190,644
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	23,417	50,730
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Charles Schwab Endowment	84,936	49,936
Total	108,353	100,666
Total Donor-Restricted Net Assets	$ 303,866	$ 326,227

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 one individual fund established for donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets are reflected as investments held for long-term purposes on the statements of financial position.

Interpretation of Relevant Law

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

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
August 31, 2022			
Donor-Restricted Endowment Funds	$ -	$ 108,353	$ 108,353
August 31, 2021			
Donor-Restricted Endowment Funds	$ -	$ 100,667	$ 100,667

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

August 31, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ 100,667	$ 100,667
Investment Return:			
Investment Income	-	2,439	2,439
Net Appreciation (Realized and Unrealized)	-	(20,908)	(20,908)
Total Investment Return	-	(18,469)	(18,469)
Contributions	-	35,000	35,000
Other Changes:			
Appropriation of Endowment Earnings	-	(8,845)	(8,845)
Endowment Net Assets - End of Year	$ -	$ 108,353	$ 108,353
August 31, 2021			
Endowment Net Assets - Beginning of Year	$ -	$ 83,867	$ 83,867
Investment Return:			
Investment Income	-	1,672	1,672
Net Appreciation (Realized and Unrealized)	-	15,128	15,128
Total Investment Return	-	16,800	16,800
Endowment Net Assets - End of Year	$ -	$ 100,667	$ 100,667

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 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 purpose. Under the investment policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to generate a level of current income (interest and dividends) consistent with the overriding investment goal of the Fund while avoiding excessive risk. The Foundation expects its endowment funds, over time, to achieve a total return in excess of the rate of inflation plus cash flow needs over the investment horizon in order to preserve purchasing power of Fund assets. The overriding investment goal of the Fund is to conserve and enhance the capital value of the Fund in real terms, through asset appreciation and income generation. Actual returns in any given year may vary from this goal.

NOTE 10 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 has selected 65% MSCI All Country World Index and 35% Bloomberg U.S. Aggregate Bond Index to serve as a benchmark for investment selection and evaluation.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year between 3% and 5% of its endowment fund's average fair value over the prior three years through the calendar year-end preceding the fiscal year in which the distribution is planned. However, if the market value of the endowment, as defined in the Endowment Policy, is less than the fund's threshold level, the distribution will be less than the Targeted Distribution, as defined in the Endowment Policy. If the market value of the endowment is less than the fund's corpus but more than the threshold level, the distribution will be limited to the lower of its Targeted Distribution or Realized Increase, as defined in the Endowment Policy. The Endowment Policy also entitles the Foundation to receive from the Endowment Fund, a reasonable percentage, not to exceed 3% of the Fund's market value, for administering the Fund.

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. 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 5% of the employee's salary. Effective September 1, 2020, the Foundation ceased making a matching contribution that was reinstated effective January 1, 2022. Foundation contributions to the Plan for the years ended August 31, 2022 and 2021 were $27,877 and $1,307, respectively.

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, 2021 cash contributions totaling $283,718 were received from a single donor, which represents 13% of total raised revenue. There were no raised revenue concentrations for the year ended August 31, 2022. Should these contribution levels decrease, the Foundation may be adversely affected.

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 years ended August 31, 2022 and 2021, the Foundation granted 150 and 125 wishes, respectively. As of August 31, 2022 and 2021, respectively, there were approximately 235 and 220 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2022 was $5,013 in cash and $2,233 in in-kind for a total cost of $7,246. The average cost of a wish for the year ended August 31, 2021 was $3,776 in cash and $675 in in-kind for a total cost of $4,451.

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 84% of wishes granted and the number of granted wishes averaged approximately 182. The number of wishes granted during the years ended August 31, 2022 and 2021 was 150 and 125, respectively.

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 $149,100 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 (SBA). The loan was received on May 4, 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 $149,100 on January 14, 2021.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional $149,140 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 $149,100 on October 18, 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 January 23, 2023, the date at which the financial statements were available to be issued.