

MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2022 AND 2021



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of New Hampshire
Manchester, New Hampshire

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Foundation® of New Hampshire (a nonprofit organization), which comprise the statements of financial position as of August 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of New Hampshire of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Make-A-Wish Foundation® of New Hampshire'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 Make-A-Wish Foundation® of New Hampshire's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Make-A-Wish Foundation® of New Hampshire'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

Boston, Massachusetts
March 29, 2023

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

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 1,077,878	\$ 1,270,707
Investments	2,697,710	2,374,735
Due from Related Entities	44,713	21,448
Prepaid Expenses and Other Assets	173,611	102,191
Contributions Receivable, Net	689,202	545,473
Split-Interest Agreement	9,142	11,766
Property and Equipment, Net	15,000	18,855
Total Assets	\$ 4,707,256	\$ 4,345,175
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 71,571	\$ 44,793
Due to Related Entities	98,612	-
Deferred Rent	175	2,961
Capital Lease Obligations	117	1,521
Paycheck Protection Program	-	147,600
Total Liabilities	170,475	196,875
NET ASSETS		
Without Donor Restriction	3,758,115	3,555,646
With Donor Restriction	778,666	592,654
Total Net Assets	4,536,781	4,148,300
Total Liabilities and Net Assets	\$ 4,707,256	\$ 4,345,175

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022

	<u>Without Donor</u> Restriction	<u>With Donor</u> Restriction	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 1,925,620	\$ 335,966	\$ 2,261,586
Contributions, Donated Goods and Services	315,574	79,025	394,599
Grants	46,392	-	46,392
Total Public Support	<u>2,287,586</u>	<u>414,991</u>	<u>2,702,577</u>
Internal Special Events	349,069	7,467	356,536
Total Internal Special Events	<u>349,069</u>	<u>7,467</u>	<u>356,536</u>
Investment Income, Net	(349,519)	-	(349,519)
Forgiveness of Paycheck Protection Program Loan	147,600	-	147,600
Other Income	10,020	-	10,020
Net Assets Released from Restrictions	<u>233,812</u>	<u>(233,812)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	2,678,568	188,646	2,867,214
EXPENSES			
Program Services:			
Wish Granting	1,992,355	-	1,992,355
Support Services:			
Fundraising	366,887	-	366,887
Management and General	116,857	-	116,857
Total Support Services	<u>483,744</u>	<u>-</u>	<u>483,744</u>
Total Expenses	2,476,099	-	2,476,099
NONOPERATING ACTIVITIES			
Change in Value of Split-Interest Agreement	-	(2,634)	(2,634)
Total Nonoperating Activities	<u>-</u>	<u>(2,634)</u>	<u>(2,634)</u>
CHANGE IN NET ASSETS	202,469	186,012	388,481
Net Assets - Beginning of Year	<u>3,555,646</u>	<u>592,654</u>	<u>4,148,300</u>
NET ASSETS - END OF YEAR	<u>\$ 3,758,115</u>	<u>\$ 778,666</u>	<u>\$ 4,536,781</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 1,655,955	\$ 389,394	\$ 2,045,349
Contributions, Donated Goods and Services	125,875	-	125,875
Grants	19,856	-	19,856
Total Public Support	1,801,686	389,394	2,191,080
Internal Special Events	252,155	378	252,533
Total Special Events	252,155	378	252,533
Investment Income, Net	360,653	-	360,653
Forgiveness of Paycheck Protection Program Loan	142,383	-	142,383
Other Income	3,854	-	3,854
Net Assets Released from Restrictions	368,378	(368,378)	-
Total Revenues, Gains, and Other Support	2,929,109	21,394	2,950,503
EXPENSES			
Program Services:			
Wish Granting	1,431,792	-	1,431,792
Support Services:			
Fundraising	303,490	-	303,490
Management and General	111,648	-	111,648
Total Support Services	415,138	-	415,138
Total Expenses	1,846,930	-	1,846,930
NONOPERATING ACTIVITIES			
Change in Value of Split-Interest Agreement	-	2,202	2,202
Loss on Disposal of Property	(315)	-	(315)
Total Nonoperating Activities	(315)	2,202	1,887
CHANGE IN NET ASSETS	1,081,864	23,596	1,105,460
Net Assets - Beginning of Year	2,473,782	569,058	3,042,840
NET ASSETS - END OF YEAR	\$ 3,555,646	\$ 592,654	\$ 4,148,300

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2022

	Program Services	Support Services			Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 1,006,111	\$ -	\$ -	\$ -	\$ 1,006,111
Salaries, Taxes, and Benefits	618,276	184,512	56,927	241,439	859,715
Printing, Subscriptions, and Publications	6,171	11,434	84	11,518	17,689
Professional Fees	3,053	776	18,868	19,644	22,697
Rent and Utilities	40,974	11,552	3,057	14,609	55,583
Postage and Delivery	4,351	4,678	329	5,007	9,358
Travel	8,882	7,587	141	7,728	16,610
Meetings and Conferences	10,857	1,196	427	1,623	12,480
Office Supplies	3,294	1,585	211	1,796	5,090
Communications	11,160	2,548	722	3,270	14,430
Advertising and Media (Cash)	2,865	1,029	100	1,129	3,994
Advertising and Media (In-Kind)	30,000	-	-	-	30,000
Repairs and Maintenance	8,307	15,302	2,356	17,658	25,965
Bad Debt Expense	-	15,060	-	15,060	15,060
Membership Dues	3,046	49	39	88	3,134
Volunteer Training	326	-	-	-	326
National Partnership Dues	156,625	28,279	32,630	60,909	217,534
Miscellaneous	73,047	80,027	594	80,621	153,668
Depreciation and Amortization	5,010	1,273	372	1,645	6,655
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 1,992,355	\$ 366,887	\$ 116,857	\$ 483,744	\$ 2,476,099

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021

	Program Services	Support Services			Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 541,690	\$ -	\$ -	\$ -	\$ 541,690
Salaries, Taxes, and Benefits	626,475	171,024	54,879	225,903	852,378
Printing, Subscriptions, and Publications	6,270	9,731	127	9,858	16,128
Professional Fees	1,902	517	17,594	18,111	20,013
Rent and Utilities	33,887	10,338	5,583	15,921	49,808
Postage and Delivery	3,924	3,567	249	3,816	7,740
Travel	5,425	4,857	197	5,054	10,479
Meetings and Conferences	1,137	295	84	379	1,516
Office Supplies	2,174	788	148	936	3,110
Communications	9,512	2,486	714	3,200	12,712
Advertising and Media (Cash)	995	179	-	179	1,174
Advertising and Media (In-Kind)	15,000	-	-	-	15,000
Repairs and Maintenance	15,726	8,687	3,381	12,068	27,794
Bad Debt Expense	-	12,554	-	12,554	12,554
Membership Dues	3,285	110	21	131	3,416
National Partnership Dues	134,038	24,201	27,925	52,126	186,164
Miscellaneous	25,972	53,043	421	53,464	79,436
Depreciation and Amortization	4,380	1,113	325	1,438	5,818
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 1,431,792	\$ 303,490	\$ 111,648	\$ 415,138	\$ 1,846,930

See accompanying Notes to Financial Statements.

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 388,481	\$ 1,105,460
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	6,655	5,818
Forgiveness of Paycheck Protection Program Loan	(147,600)	(142,383)
Bad Debt Expense	15,060	12,554
Net Realized and Unrealized Gains on Investments	470,284	(294,251)
Change in Value of Split-Interest Agreement	2,624	(2,202)
Change in Discount to Present Value of Contributions Receivable	(29,513)	(22,258)
(Increase) Decrease in Assets:		
Contributions Receivable	(129,276)	(442)
Due from Related Entities	(23,265)	3,425
Prepaid Expenses	(71,420)	50,777
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	26,778	(12,964)
Due to Related Entities	98,612	(173,195)
Deferred Rent	(2,786)	(1,698)
Net Cash Provided by Operating Activities	604,634	528,641
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(968,190)	(550,783)
Proceeds from Sales of Investments	174,931	66,113
Purchases of Property and Equipment	(2,800)	(10,335)
Net Cash Used by Investing Activities	(796,059)	(495,005)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(1,404)	(1,404)
Proceeds from Paycheck Protection Program Loan	-	147,600
Net Cash Provided (Used) by Financing Activities	(1,404)	146,196
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(192,829)	179,832
Cash and Cash Equivalents - Beginning of Year	1,270,707	1,090,875
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,077,878	\$ 1,270,707

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Cash and Cash Equivalents

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

Investments

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

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

Contributions Receivable

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

MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE
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 greater than \$1,000 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 10 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

Fair Value Measurements

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

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

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

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

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

MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

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

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 \$121,750 and \$60,500 for the years ended August 31, 2022 and 2021, respectively. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met which is the occurrence of the event.

MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

Conditional promises to give are not recognized as contribution revenue and receivables until the conditions have been substantially met. For the years ended August 31, 2022 and 2021, there were no conditional promises outstanding.

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 and services and materials that are reported in the statements of activities as follows:

	August 31, 2022			
	Programs	Fundraising	Management and General	Total
Program and Support Service Expenses:				
Wish Related	\$ 350,536	\$ -	\$ -	\$ 350,536
Professional Services	-	-	-	-
Advertising and Media	30,000	-	-	30,000
Other	12,316	1,406	341	14,063
Total	\$ 392,852	\$ 1,406	\$ 341	394,599
Inventory (Asset)				2,300
Total				\$ 396,899

MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

	August 31, 2021			
	Programs	Fundraising	Management and General	Total
Program and Support Service Expenses:				
Wish Related	\$ 78,424	\$ -	\$ -	\$ 78,424
Professional Services	-	-	10,046	10,046
Advertising and Media	15,000	-	-	15,000
Other	12,975	9,429	1	22,405
Total	\$ 106,399	\$ 9,429	\$ 10,047	125,875
Property and Equipment				1,250
Total				\$ 127,125

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.

An internal special event is a fundraising event coordinated and staffed by Foundation personnel rather than a third-party support group or organization. It is designed to attract people for the purpose of raising mission awareness, for increasing funding from existing donors, and the cultivation of future donors. Internal special event in-kind amounts are donated items recorded at fair value that are used in facilitating the event. Examples of such donated items are generally food, beverage, facility costs, and auction items. The Foundation estimates the fair value of these donated items based on the current market rates for similar items in the Foundation's market.

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

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

In-kind contributions related to wish granting are restricted to be used in granting wishes. In-kind contributions related to special events are restricted for use at those events. No other in-kind contributions were received with donor restrictions.

MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and New Hampshire income and franchise taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and Section RSA77 of the New Hampshire Department of Revenue Administration. 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. During the fiscal years ended August 31, 2022 and 2021, the Foundation incurred no significant joint costs for activities that include fundraising appeals.

Management and General

All costs not identifiable with a single program or fundraising activity, 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.

MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

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 \$175 and \$2,961, 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.

	<u>2022</u>	<u>2021</u>
Total Financial Assets	\$ 4,509,503	\$ 4,212,363
Donor-Imposed Restrictions:		
Restricted Funds	<u>(778,666)</u>	<u>(592,654)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 3,730,837</u>	<u>\$ 3,619,709</u>

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NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

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

Investments

Overall Investment Objective

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

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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy

The following tables 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)	Assets not Held at Fair Value	Total
August 31, 2022					
Assets					
Investments:					
Mutual Funds	\$ 1,856,419	\$ -	\$ -	\$ -	\$ 1,856,419
Exchange-Traded Funds	597,237	-	-	-	597,237
Certificates of Deposit	91,957	-	-	-	91,957
Debt Securities	89,904	-	-	-	89,904
Cash	-	-	-	62,193	62,193
Total Investments	<u>2,635,517</u>	<u>-</u>	<u>-</u>	<u>62,193</u>	<u>2,697,710</u>
Split-Interest Agreements	<u>-</u>	<u>-</u>	<u>9,142</u>	<u>-</u>	<u>9,142</u>
Total Assets	<u>\$ 2,635,517</u>	<u>\$ -</u>	<u>\$ 9,142</u>	<u>\$ 62,193</u>	<u>\$ 2,706,852</u>
	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Assets not Held at Fair Value	Total
August 31, 2021					
Assets					
Investments:					
Mutual Funds	\$ 1,619,289	\$ -	\$ -	\$ -	\$ 1,619,289
Exchange-Traded Funds	652,432	-	-	-	652,432
Cash	-	-	-	103,014	103,014
Total Investments	<u>2,271,721</u>	<u>-</u>	<u>-</u>	<u>103,014</u>	<u>2,374,735</u>
Split-Interest Agreements	<u>-</u>	<u>-</u>	<u>11,766</u>	<u>-</u>	<u>11,766</u>
Total Assets	<u>\$ 2,271,721</u>	<u>\$ -</u>	<u>\$ 11,766</u>	<u>\$ 103,014</u>	<u>\$ 2,386,501</u>

For the valuation of the split-interest agreement at August 31, 2022, the Foundation used significant unobservable inputs such as present value of expected future amount to be received (Level 3). There were no changes in valuation techniques and related inputs from the prior year.

There are no purchases, sales, transfers in and transfers out of Level 3 investments for both years ended August 31, 2022 and 2021.

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NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from 0.75% to 2.68% for both years ended August 31, 2022 and 2021. The following is a summary of the Foundation's contributions receivable at August 31:

	2022	2021
Total Amounts Due in:		
One Year	\$ 375,631	\$ 274,020
Two to Five Years	395,684	297,645
More than Five Years	-	11,982
Gross Contributions Receivable	771,315	583,647
Less: Allowance for Doubtful Accounts	(52,600)	(15,916)
Less: Discount to Present Value	(29,513)	(22,258)
Contributions Receivable, Net	\$ 689,202	\$ 545,473

NOTE 6 SPLIT-INTEREST AGREEMENT

Beneficial Interest in Net Assets Held by Others

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

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2022 and 2021, respectively, the Foundation received \$286,375 and \$283,444 from these national revenue streams.

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NOTE 7 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amount totaling \$217,534 and \$186,164 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 \$11,233 and \$1,200, 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	\$ 49,361	\$ 31,794
Due from Other Chapters	4,494	1,420
Total Due from Related Entities	<u>\$ 53,855</u>	<u>\$ 33,214</u>
Due to National	\$ 66,322	\$ -
Due to Other Chapters	32,290	-
Total Due to Related Entities	<u>\$ 98,612</u>	<u>\$ -</u>

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

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NOTE 7 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

During the years ended August 31, 2022 and 2021, the Foundation received contributions, both cash and in-kind, from board members totaling \$12,800 and \$19,156, respectively. At August 31, 2022 and 2021, amounts due from board members totaled \$33,417 and \$16,750, respectively, and are included in contributions receivable in the accompanying statements of financial position. Amounts paid to related parties for goods and services used in the Foundation's operations totaled \$3,651 and \$657 for the years ended August 31, 2022 and 2021, respectively, and are included in accounts payable in the accompanying statements of financial position.

NOTE 8 PROPERTY AND EQUIPMENT

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

	2022	2021
Computer Equipment and Software	\$ 50,376	\$ 47,576
Office Furniture	10,685	10,685
Total	61,061	58,261
Less: Accumulated Depreciation and Amortization	(46,061)	(39,406)
Property and Equipment, Net	<u>\$ 15,000</u>	<u>\$ 18,855</u>

Depreciation and amortization expense totaled \$6,655 and \$5,818, respectively, for the years ended August 31, 2022 and 2021.

NOTE 9 LEASES

The Foundation is obligated under various capital and operating leases for office space and equipment, which expire at various dates through July 1, 2027. As of August 31, 2022 and 2021, the cost of leased property and equipment under capital leases was \$7,020 and accumulated depreciation was \$6,903 and \$5,499, respectively. Total rent expense for all operating leases for both years ended August 31, 2022 and 2021 totaled \$45,320 and \$46,170, respectively.

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

<u>Year Ending August 31:</u>	Operating Lease	Capital Lease
2023	\$ 51,930	\$ 117
2024	51,930	-
2025	51,930	-
2026	51,930	-
2027	47,602	-
Total Minimum Lease Payments	<u>\$ 255,322</u>	<u>\$ 117</u>

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NOTE 10 NET ASSETS

Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 62,109	\$ 36,867
Total	<u>62,109</u>	<u>36,867</u>
Subject to Passage of Time:		
Assets Held under Split Interest Agreements	9,142	11,766
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	<u>700,957</u>	<u>544,021</u>
Total	<u>710,099</u>	<u>555,787</u>
 Total Donor Restricted Net Assets	 <u>\$ 772,208</u>	 <u>\$ 592,654</u>

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 six months of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to \$5,000 per plan year. Foundation contributions to the Plan for the years ended August 31, 2022 and 2021 were \$27,617 and \$34,600, 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.

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, there is no pending litigation that would have a material adverse effect on the Foundation's financial position, change in net assets, or liquidity.

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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 71 and 45 wishes, respectively. As of August 31, 2022 and 2021, respectively, there were approximately 80 and 95 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2022 was \$10,451 in cash and \$3,526 in in-kind for a total cost of \$13,977. The average cost of a wish for the year ended August 31, 2021 was \$10,263 in cash and \$1,530 in in-kind for a total cost of \$11,793.

NOTE 15 RISKS AND UNCERTANITIES

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 76% of wishes granted and the number of granted wishes averaged approximately 80. The number of wishes granted during the years ended August 31, 2022 and 2021 was 71 and 45, 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 \$142,383 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was received on April 22, 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 \$142,383 on April 1, 2021

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NOTE 16 PAYCHECK PROTECTION PROGRAM (CONTINUED)

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$147,600 loan. The loan was received on January 25, 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. Foundation received forgiveness of \$147,600 on September 14, 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 March 29, 2023, the date at which the financial statements were available to be issued.



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