

**MAKE-A-WISH FOUNDATION® OF THE MID-ATLANTIC**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED AUGUST 31, 2022 AND 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of the Mid-Atlantic  
Bethesda, Maryland

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

#### ***Opinion***

We have audited the accompanying financial statements of Make-A-Wish Foundation® of the Mid-Atlantic (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 the Mid-Atlantic 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 the Mid-Atlantic 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 the Mid-Atlantic'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 the Mid-Atlantic'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 the Mid-Atlantic'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**

Greenbelt, Maryland  
February 28, 2023

**MAKE-A-WISH FOUNDATION® OF THE MID-ATLANTIC  
STATEMENTS OF FINANCIAL POSITION  
AUGUST 31, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 344,625	\$ 231,281
Investments	3,264,428	3,751,025
Due from Related Entities	116,100	109,651
Prepaid Expenses	265,157	131,081
Contributions Receivable	1,887,769	321,740
Grants and Other Receivable	591,367	155,396
Other Assets	144,993	97,723
Property and Equipment, Net	623,454	752,132
Total Assets	\$ 7,237,893	\$ 5,550,029
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 583,077	\$ 360,139
Due to Related Entities	74,336	1,642
Other Liabilities	46,300	54,015
Deferred Rent	724,527	793,634
Paycheck Protection Program	-	438,554
Total Liabilities	1,428,240	1,647,984
<b>NET ASSETS</b>		
Without Donor Restrictions	3,023,295	3,545,258
With Donor Restrictions	2,786,358	356,787
Total Net Assets	5,809,653	3,902,045
Total Liabilities and Net Assets	\$ 7,237,893	\$ 5,550,029

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF THE MID-ATLANTIC  
STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Cash	\$ 3,025,144	\$ 2,422,188	\$ 5,447,332
Contributions, Donated Goods and Services	1,676,737	-	1,676,737
Grants	318,258	250,000	568,258
Total Public Support	5,020,139	2,672,188	7,692,327
Internal Special Events, Cash	1,254,610	-	1,254,610
Internal Special Events, Donated Goods and Services	124,794	-	124,794
Less: Costs of Direct Benefits to Donors	(437,460)	-	(437,460)
Total Internal Special Events	941,944	-	941,944
Investment Income, Net	(363,909)	-	(363,909)
Forgiveness of Paycheck Protection Program Loan	438,554	-	438,554
Other Income	12,000	-	12,000
Net Assets Released from Restrictions	242,617	(242,617)	-
	6,291,345	2,429,571	8,720,916
<b>EXPENSES</b>			
Program Services:			
Wish Granting	4,431,816	-	4,431,816
Total Program Services	4,431,816	-	4,431,816
Support Services:			
Fundraising	1,220,412	-	1,220,412
Management and General	1,161,080	-	1,161,080
Total Support Services	2,381,492	-	2,381,492
Total Expenses	6,813,308	-	6,813,308
<b>CHANGE IN NET ASSETS</b>	(521,963)	2,429,571	1,907,608
Net Assets - Beginning of Year	3,545,258	356,787	3,902,045
<b>NET ASSETS - END OF YEAR</b>	\$ 3,023,295	\$ 2,786,358	\$ 5,809,653

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF THE MID-ATLANTIC  
STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions	\$ 3,374,030	\$ 334,787	\$ 3,708,817
Contributions, Donated Goods and Services	507,614	-	507,614
Grants	171,214	-	171,214
Total Public Support	4,052,858	334,787	4,387,645
Internal Special Events	628,927	-	628,927
Less: Costs of Direct Benefits to Donors	(78,957)	-	(78,957)
Total Internal Special Events	549,970	-	549,970
Investment Income, Net	342,802	-	342,802
Forgiveness of Paycheck Protection Program Loan	435,700	-	435,700
Other Income	2,207	-	2,207
Net Assets Released from Restrictions	98,819	(98,819)	-
Total Revenues, Gains, and Other Support	5,482,356	235,968	5,718,324
<b>EXPENSES</b>			
Program Services:			
Wish Granting	2,541,029	-	2,541,029
Total Program Services	2,541,029	-	2,541,029
Support Services:			
Fundraising	1,155,076	-	1,155,076
Management and General	1,035,043	-	1,035,043
Total Support Services	2,190,119	-	2,190,119
Total Expenses	4,731,148	-	4,731,148
<b>CHANGE IN NET ASSETS</b>	751,208	235,968	987,176
Net Assets - Beginning of Year	2,794,050	120,819	2,914,869
<b>NET ASSETS - END OF YEAR</b>	\$ 3,545,258	\$ 356,787	\$ 3,902,045

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF THE MID-ATLANTIC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2022**

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 3,074,320	\$ -	\$ -	\$ -	\$ -	\$ 3,074,320
Salaries, Taxes, and Benefits	786,037	939,164	732,078	1,671,242	-	2,457,279
Printing, Subscriptions, and Publications	769	12,024	1,926	13,950	-	14,719
Professional Fees	24,377	26,701	94,778	121,479	-	145,856
Rent and Utilities	99,717	108,180	71,907	180,087	-	279,804
Postage and Delivery	3,811	6,902	2,401	9,303	-	13,114
Travel	3,971	8,450	7,731	16,181	-	20,152
Meetings and Conferences	2,516	2,822	4,033	6,855	-	9,371
Office Supplies	12,982	2,007	4,260	6,267	-	19,249
Communications	10,978	8,137	15,991	24,128	-	35,106
Advertising and Media (Cash)	124	3,711	186	3,897	-	4,021
Repairs and Maintenance	3,621	3,962	3,508	7,470	-	11,091
Insurance	2,095	2,341	2,015	4,356	-	6,451
Membership Dues	177	355	10,529	10,884	-	11,061
National Partnership Dues	375,484	52,283	47,530	99,813	-	475,297
Miscellaneous	30,837	43,373	17,169	60,542	-	91,379
Depreciation and Amortization	-	-	145,038	145,038	-	145,038
Special Event - Direct Donor Benefits	-	-	-	-	437,460	437,460
Total	4,431,816	1,220,412	1,161,080	2,381,492	437,460	7,250,768
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(437,460)	(437,460)
 Total Expenses Included in the Expense Section of the Statement of Activities	 \$ 4,431,816	 \$ 1,220,412	 \$ 1,161,080	 \$ 2,381,492	 \$ -	 \$ 6,813,308

See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION® OF THE MID-ATLANTIC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2021**

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 1,429,688	\$ -	\$ -	\$ -	\$ -	\$ 1,429,688
Salaries, Taxes, and Benefits	626,980	827,491	647,050	1,474,541	-	2,101,521
Printing, Subscriptions, and Publications	2,871	54,218	727	54,945	-	57,816
Professional Fees	23,827	33,895	59,782	93,677	-	117,504
Rent and Utilities	88,083	119,172	72,606	191,778	-	279,861
Postage and Delivery	3,528	8,558	2,364	10,922	-	14,450
Travel	330	2,129	1,890	4,019	-	4,349
Meetings and Conferences	540	1,783	4,082	5,865	-	6,405
Office Supplies	1,305	2,049	15,119	17,168	-	18,473
Communications	11,543	11,954	16,197	28,151	-	39,694
Advertising and Media (Cash)	617	1,579	-	1,579	-	2,196
Repairs and Maintenance	4,754	6,370	3,929	10,299	-	15,053
Insurance	2,142	2,898	2,228	5,126	-	7,268
Membership Dues	-	-	1,320	1,320	-	1,320
National Partnership Dues	319,370	44,469	40,427	84,896	-	404,266
Miscellaneous	25,451	38,511	18,025	56,536	-	81,987
Depreciation and Amortization	-	-	149,297	149,297	-	149,297
Special Event - Direct Donor Benefits	-	-	-	-	78,957	78,957
Total	2,541,029	1,155,076	1,035,043	2,190,119	78,957	4,810,105
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(78,957)	(78,957)
 Total Expenses Included in the Expense Section of the Statement of Activities	 \$ 2,541,029	 \$ 1,155,076	 \$ 1,035,043	 \$ 2,190,119	 \$ -	 \$ 4,731,148

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF THE MID-ATLANTIC  
STATEMENTS OF CASH FLOWS  
YEARS ENDED AUGUST 31, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,907,608	\$ 987,176
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	145,038	149,297
Forgiveness of Paycheck Protection Program Loan	(438,554)	(435,700)
Net Realized and Unrealized Loss (Gain) on Investments	431,679	(302,696)
Contributed Property and Equipment and Stock	-	(14,912)
(Increase) Decrease in Assets:		
Contributions and Grants Receivable	(1,566,029)	(190,921)
Due from Related Entities	(6,449)	(46,874)
Prepaid Expenses	(134,076)	(72,900)
Other Receivable	(435,971)	(155,396)
Other Assets	(47,270)	18,568
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	222,938	(13,632)
Due to Related Entities	72,694	(2,350)
Other Liabilities	(7,715)	21,760
Deferred Rent	(69,107)	(60,719)
Net Cash Provided (Used) by Operating Activities	76,592	(119,299)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(1,244,492)	(3,106,799)
Proceeds from Sales of Investments	1,299,410	2,281,501
Proceeds from Paycheck Protection Program Loan	-	438,554
Net Cash Provided (Used) by Investing Activities	36,752	(386,744)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	113,344	(506,043)
Cash and Cash Equivalents - Beginning of Year	231,281	737,324
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 344,625	\$ 231,281
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Contributed Property and Equipment	\$ -	\$ -
Donated Stock	\$ 15,398	\$ 14,912

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF THE MID-ATLANTIC**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of the Mid-Atlantic (the Foundation) is a Maryland 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. 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.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**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 restriction 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 THE MID-ATLANTIC**  
**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 three to seven years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

**Fair Value Measurements**

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

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

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

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

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

**MAKE-A-WISH FOUNDATION® OF THE MID-ATLANTIC**  
**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 \$437,460 and \$78,957 for the years ended August 31, 2022 and 2021, respectively. The portion that is considered to be exchange revenue and is recognized as revenue when the performance obligations are met which is the occurrence of the event.

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

**MAKE-A-WISH FOUNDATION® OF THE MID-ATLANTIC**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

**Revenue Recognition (Continued)**

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

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:

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2022</u>				
Program and Support Services Expenses:				
Wish Related	\$ 1,319,874	\$ -	\$ -	\$ 1,319,874
Professional Services	25,126	54,613	29,664	109,403
Total Program and Support Services Expenses	<u>\$ 1,345,000</u>	<u>\$ 54,613</u>	<u>\$ 29,664</u>	1,429,277
Internal Special Events				39,469
Change in In-Kind Contributions Receivable				247,460
Total				<u>\$ 1,716,206</u>
	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2021</u>				
Program and Support Services Expenses:				
Wish Related	\$ 360,637	\$ -	\$ -	\$ 360,637
Professional Services	26,595	58,157	40,638	125,390
Total Program and Support Services Expenses	<u>\$ 387,232</u>	<u>\$ 58,157</u>	<u>\$ 40,638</u>	486,027
Internal Special Events				21,587
Total				<u>\$ 507,614</u>

Wish related in-kinds consist of donated travel, goods and other services used in the delivery of wishes. The Foundation estimates the fair value of wish related in-kinds on the basis of estimates of the current market rates for similar travel, goods and other services in the Foundation's market. Professional services are valued and reported at the estimated fair value based on current rates for similar services.

**MAKE-A-WISH FOUNDATION® OF THE MID-ATLANTIC**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

**Revenue Recognition (Continued)**

An internal special event is a fundraising event coordinated and staffed by Foundation personnel rather than a third-party support group or organization. It is designed to attract people for the purpose of raising mission awareness, for increasing funding from existing donors, and the cultivation of future donors. Internal special event in-kind amounts are donated items recorded at fair value that are used in facilitating the event. Examples of such donated items are generally food, beverage, facility costs, and auction items. The Foundation estimates the fair value of these donated items based on the current market rates for similar items in the Foundation's market. The Foundation receives auction items to be sold at its special events. Contributed auction items are valued at the gross selling price received and the value is included in internal special event revenue on the statement of activities. The auction proceeds for years ended August 31, 2022 and 2021 were \$196,553 and \$108,323, respectively.

Advertising and media is 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 their fair value.

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

**Income Taxes**

The Foundation is a nonprofit organization exempt from federal income and Maryland income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 81 of the State of Maryland Tax 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.

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

**Functional Expenses**

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

**Wish Granting**

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

**Fundraising**

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

**Management and General**

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

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

**Deferred Rent**

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$724,527 and \$793,634 at August 31, 2022 and 2021, respectively.

**Management Estimates**

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

**Adoption of Accounting Pronouncement**

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires that contributed nonfinancial assets are reported on a separate line item in the statements of activities, apart from contributions of cash and other financial assets. It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets along with additional qualitative information about the monetization of such assets, donor restrictions and valuation techniques. The adoption of this standard did not have any significant impact on the accompanying financial statements or disclosures.



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

**Accounting Pronouncement Not Yet Effective**

In February 2016, FASB issued ASU No. 2016-02, *Leases*. This accounting standard requires organizations that lease assets to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its statement of financial position. This accounting standard will also require additional disclosures about the amount, timing and uncertainty of cash flows arising from leases. This accounting standard is effective for the Foundation as of fiscal year 2023. Management is currently evaluating the impact of adopting this accounting standard.

**NOTE 3 LIQUIDITY AND AVAILABILITY**

The Foundation monitors liquidity regularly through the monthly financial package provided to the board and through the enterprise-wide Benchmarks of Excellence. The Foundation strives to maintain liquid financial assets sufficient to cover six months of general expenditures, while also maximizing the investment of current and long-term investment funds. Holding 6 to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

	2022	2021
Total Financial Assets	\$ 5,612,922	\$ 4,413,697
Donor-Imposed Restrictions:		
Restricted Funds	(2,786,358)	(356,787)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 2,826,564	\$ 4,056,910

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.

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

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.

**Fair Value Hierarchy**

The following table presents the fair value hierarchy of assets that are measured at fair value on a recurring basis, except those measured at cost, at August 31:

	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2022</u>					
Assets:					
Investments:					
Exchange-Traded Funds	\$ 2,349,541	\$ -	\$ -	\$ -	\$ 2,349,541
Limited Partnership	-	-	21,750	-	21,750
Cash	-	-	-	893,137	893,137
Total Assets	<u>\$ 2,349,541</u>	<u>\$ -</u>	<u>\$ 21,750</u>	<u>\$ 893,137</u>	<u>\$ 3,264,428</u>
	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2021</u>					
Assets:					
Investments:					
Exchange-Traded Funds	\$ 3,393,777	\$ -	\$ -	\$ -	\$ 3,393,777
Limited Partnership	-	-	21,750	-	21,750
Cash	-	-	-	335,498	335,498
Total Assets	<u>\$ 3,393,777</u>	<u>\$ -</u>	<u>\$ 21,750</u>	<u>\$ 335,498</u>	<u>\$ 3,751,025</u>

The limited partnership is invested in real estate and is valued at August 31, 2022 and 2021 by the Foundation using the initial carrying value of the investment at the date of receipt of the contributed ownership in the partnership (Level 3). There were no purchases, sales, transfers in or out of Level 3 investments or changes in valuation techniques and related inputs from the prior year.

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**NOTE 5 CONTRIBUTIONS RECEIVABLE**

At August 31, 2022, contributions receivable due within the next 12 months were \$1,887,769. At August 31, 2021, contributions receivable due within the next 12 months were \$207,990 and within the next two years were \$113,750. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2022 and 2021.

**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 \$1,125,155 and \$1,285,176 from these national revenue streams.

As part of the National Organization's Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation received \$-0- during the years ended August 31, 2022 and 2021.

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 \$493,255 and \$417,877 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 \$4,350 and \$-0- for the years ended August 31, 2022 and 2021, respectively, which is recorded in the accompanying statements of activities as Other Income.

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

	2022	2021
Due from National Organization	\$ 94,791	\$ 107,272
Due from Other Chapters	21,309	818
Total Due from Related Entities	\$ 116,100	\$ 108,090
Due to National Organization	\$ 1,977	\$ 76
Due to Other Chapters	72,359	1,566
Total Due to Related Entities	\$ 74,336	\$ 1,642

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**NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)**

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

During the years ended August 31, 2022 and 2021, the Foundation received contributions, both cash and in-kind, from board members totaling \$127,208 and \$97,667, respectively. At August 31, 2022 and 2021, amounts due from board members totaled \$3,750 and \$28,500, 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	\$ 53,663	\$ 68,785
Furniture and Equipment	159,586	169,432
Leasehold Improvements	1,014,770	1,014,770
Total	1,228,019	1,252,987
Less: Accumulated Depreciation and Amortization	(604,565)	(500,855)
Property and Equipment, Net	\$ 623,454	\$ 752,132

Depreciation and amortization expense totaled \$145,038 and \$149,297 for the years ended August 31, 2022 and 2021, respectively.

**NOTE 8 LEASES**

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through July 1, 2029. The Foundation received certain lease incentives with these leases. These incentives are recognized over the life of the leases and are reflected in the statement of financial position as deferred lease benefit. Total rent expense for all operating leases for the years ended August 31, 2022 and 2021, totaled \$277,372 and \$278,712, respectively.

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**NOTE 8 LEASES (CONTINUED)**

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

<u>Year Ending August 31.</u>	<u>Amounts</u>
2023	\$ 361,396
2024	370,137
2025	379,203
2026	382,710
2027	388,515
After 2027	771,546
Total Minimum Lease Payments	<u><u>\$ 2,653,507</u></u>

**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	\$ 2,668,400	\$ 35,297
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	117,958	321,490
Total Donor Restricted Net Assets	<u><u>\$ 2,786,358</u></u>	<u><u>\$ 356,787</u></u>

**NOTE 10 RETIREMENT PLAN**

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 18 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code limitations. The Foundation matches employee contributions up to 6% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2022 and 2021, were \$78,491 and \$79,242, respectively.

**NOTE 11 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.

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**NOTE 12 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 13 COMMITMENTS**

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal years ended August 31, 2022 and 2021, the Foundation granted 284 and 234 wishes, respectively. As of August 31, 2022 and 2021, there were approximately 501 and 414, respectively, wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2022, was \$7,524 in cash and \$3,627 in in-kind for a total cost of \$11,151. The average cost of a wish for the year ended August 31, 2021, was \$5,270 in cash and \$3,070 in in-kind for a total cost of \$8,340.

**NOTE 14 RISKS AND UNCERTAINTIES**

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

As of September 15, 2021, in consultation with the NMAC, the pause on domestic travel to large gatherings was lifted, if travel occurred by automobile. The pause on airline travel was lifted December 1, 2021 with a graduated approach with full domestic travel resuming June of 2022. International and cruise wish travel is still paused as of August 31, 2022. Prior to fiscal year 2020, travel wishes have been approximately 79% of wishes granted and the number of granted wishes averaged approximately 424. The number of wishes granted during the years ended August 31, 2022 and 2021 was 284 and 234, respectively.

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

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**NOTE 15 PAYCHECK PROTECTION PROGRAM**

The Foundation applied for and was approved for a \$435,700 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 April 13, 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 \$435,700 on January 22, 2021.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$438,554 loan. The loan was received on February 7, 2021. The loan accrues interest at 1%, with the first ten months of interest deferred, has a term of five years and is unsecured and guaranteed by the SBA. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation received forgiveness of \$438,554 on May 31, 2022.

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

**NOTE 16 EMPLOYEE RETENTION CREDIT**

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During the year ended August 31, 2022 the Foundation applied for Employee Retention Credit (ERC) funding from the Internal Revenue Service (IRS). The Foundation recognized \$309,807 of grant income related to performance requirements being met in compliance with the program during the year ended August 31, 2022. Payment from the IRS for the ERC and accrued interest on the refund was received in October 2022.

Eligibility and conditions for the ERC program may be audited by the IRS. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any audit will not have a material adverse impact on the Foundation's financial position.

**NOTE 17 LINE OF CREDIT**

The Foundation has a secured line of credit with a financial institution totaling \$1,351,005, bearing interest at 2%. There was \$-0- outstanding on this line of credit as of August 31, 2022 and 2021.

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**NOTE 18 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through February 28, 2023, the date at which the financial statements were available to be issued. Other than the receipt of ERC payment described in Note 16, no events have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.





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