

**MAKE-A-WISH FOUNDATION® OF
MICHIGAN**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2022 AND 2021



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Michigan
Brighton, Michigan

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Michigan (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 Michigan 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 Michigan 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 Michigan'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 Michigan'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 Michigan's ability to continue as a going concern for a reasonable period of time.

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



CliftonLarsonAllen LLP

Oak Brook, Illinois
February 20, 2023

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

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 4,041,677	\$ 3,479,933
Investments	2,872,093	3,396,678
Due from Related Entities	97,815	125,205
Prepaid Expenses	253,415	88,534
Contributions Receivable, Net	3,570,569	2,814,650
Other Assets	72,828	65,070
Investments Held for Long-Term Purposes	104,224	104,224
Property and Equipment, Net	33,193	33,431
Total Assets	\$ 11,045,814	\$ 10,107,725
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 572,244	\$ 518,295
Due to Related Entities	89,587	3,190
Deferred Rent	1,341	4,535
Capital Lease Obligations	3,240	5,146
Total Liabilities	666,412	531,166
NET ASSETS		
Without Donor Restrictions	6,682,198	6,732,232
With Donor Restrictions	3,697,204	2,844,327
Total Net Assets	10,379,402	9,576,559
Total Liabilities and Net Assets	\$ 11,045,814	\$ 10,107,725

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 4,063,210	\$ 1,533,544	\$ 5,596,754
Contributions, Donated Goods and Services	1,143,250	279,824	1,423,074
Grants	246,530	-	246,530
Total Public Support	5,452,990	1,813,368	7,266,358
Internal Special Events	3,016,105	75,000	3,091,105
Less: Costs of Direct Benefits to Donors	(671,424)	-	(671,424)
Total Internal Special Events	2,344,681	75,000	2,419,681
Investment Income (Loss), Net	(420,266)	6,747	(413,519)
Other Income	5,637	-	5,637
Net Assets Released from Restrictions	1,042,238	(1,042,238)	-
Total Revenues, Gains, and Other Support	8,425,280	852,877	9,278,157
EXPENSES			
Program Services:			
Wish Granting	5,012,612	-	5,012,612
Total Program Services	5,012,612	-	5,012,612
Support Services:			
Fundraising	2,012,958	-	2,012,958
Management and General	1,449,744	-	1,449,744
Total Support Services	3,462,702	-	3,462,702
Total Expenses	8,475,314	-	8,475,314
CHANGE IN NET ASSETS	(50,034)	852,877	802,843
Net Assets - Beginning of Year	6,732,232	2,844,327	9,576,559
NET ASSETS - END OF YEAR	\$ 6,682,198	\$ 3,697,204	\$ 10,379,402

See accompanying Notes to Financial Statements.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 4,109,494	\$ 1,344,651	\$ 5,454,145
Contributions, Donated Goods and Services	398,341	-	398,341
Grants	517,580	29,438	547,018
Total Public Support	<u>5,025,415</u>	<u>1,374,089</u>	<u>6,399,504</u>
Internal Special Events	2,156,997	28,514	2,185,511
Less: Costs of Direct Benefits to Donors	(63,412)	-	(63,412)
Total Internal Special Events	<u>2,093,585</u>	<u>28,514</u>	<u>2,122,099</u>
Investment Income, Net	397,398	36,069	433,467
Forgiveness of Paycheck Protection Program Loan	1,299,741		1,299,741
Other Income	2,368	-	2,368
Net Assets Released from Restrictions	<u>1,111,730</u>	<u>(1,111,730)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	9,930,237	326,942	10,257,179
EXPENSES			
Program Services:			
Wish Granting	3,403,192	-	3,403,192
Total Program Services	<u>3,403,192</u>	<u>-</u>	<u>3,403,192</u>
Support Services:			
Fundraising	1,766,732	-	1,766,732
Management and General	1,494,307	-	1,494,307
Total Support Services	<u>3,261,039</u>	<u>-</u>	<u>3,261,039</u>
Total Expenses	<u>6,664,231</u>	<u>-</u>	<u>6,664,231</u>
CHANGE IN NET ASSETS	3,266,006	326,942	3,592,948
Net Assets - Beginning of Year	<u>3,466,226</u>	<u>2,517,385</u>	<u>5,983,611</u>
NET ASSETS - END OF YEAR	<u>\$ 6,732,232</u>	<u>\$ 2,844,327</u>	<u>\$ 9,576,559</u>

See accompanying Notes to Financial Statements.

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

	Program Services		Support Services			Total
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	
Direct Costs of Wishes	\$ 3,282,969	\$ -	\$ -	\$ -	\$ -	\$ 3,282,969
Salaries, Taxes, and Benefits	973,499	1,259,268	914,337	2,173,605	-	3,147,104
Printing, Subscriptions, and Publications	6,129	58,502	6,178	64,680	-	70,809
Professional Fees	43,923	115,805	215,938	331,743	-	375,666
Rent and Utilities	71,387	99,725	66,723	166,448	-	237,835
Postage and Delivery	14,573	19,778	12,179	31,957	-	46,530
Travel	1,699	32,846	5,198	38,044	-	39,743
Meetings and Conferences	802	49,892	9,371	59,263	-	60,065
Office Supplies	46,028	25,872	6,066	31,938	-	77,966
Communications	11,229	15,541	12,798	28,339	-	39,568
Advertising and Media (Cash)	31	9,609	1,115	10,724	-	10,755
Repairs and Maintenance	5,255	6,798	4,899	11,697	-	16,952
Insurance	47	60	50,043	50,103	-	50,150
Bad Debt Expense	-	71,438	-	71,438	-	71,438
Membership Dues	806	1,043	-	1,043	-	1,849
National Partnership Dues	533,946	96,407	111,239	207,646	-	741,592
Miscellaneous	14,774	143,240	28,518	171,758	-	186,532
Depreciation and Amortization	5,515	7,134	5,142	12,276	-	17,791
Special Event - Direct Donor Benefits	-	-	-	-	671,424	671,424
	<u>5,012,612</u>	<u>2,012,958</u>	<u>1,449,744</u>	<u>3,462,702</u>	<u>671,424</u>	<u>9,146,738</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(671,424)	(671,424)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 5,012,612</u>	<u>2,012,958</u>	<u>\$ 1,449,744</u>	<u>\$ 3,462,702</u>	<u>\$ -</u>	<u>\$ 8,475,314</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MICHIGAN
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	\$ 1,883,529	\$ -	\$ -	\$ -	\$ -	\$ 1,883,529
Salaries, Taxes, and Benefits	918,871	1,188,604	1,070,294	2,258,898	-	3,177,769
Printing, Subscriptions, and Publications	6,591	20,363	4,083	24,446	-	31,037
Professional Fees	3,963	161,874	209,560	371,434	-	375,397
Rent and Utilities	69,901	94,933	65,167	160,100	-	230,001
Postage and Delivery	10,184	33,231	9,328	42,559	-	52,743
Travel	785	3,163	421	3,584	-	4,369
Meetings and Conferences	820	6,574	1,423	7,997	-	8,817
Office Supplies	74,923	7,850	3,462	11,312	-	86,235
Communications	9,570	14,271	9,956	24,227	-	33,797
Advertising and Media (Cash)	-	29,472	-	29,472	-	29,472
Repairs and Maintenance	4,324	5,594	4,032	9,626	-	13,950
Insurance	90	116	84	200	-	290
Bad Debt Expense	-	12,600	-	12,600	-	12,600
Membership Dues	1,175	2,233	1,409	3,642	-	4,817
National Partnership Dues	399,618	72,153	83,254	155,407	-	555,025
Miscellaneous	12,751	105,988	26,274	132,262	-	145,013
Depreciation and Amortization	6,097	7,713	5,560	13,273	-	19,370
Special Event - Direct Donor Benefits	-	-	-	-	63,412	63,412
	<u>3,403,192</u>	<u>1,766,732</u>	<u>1,494,307</u>	<u>3,261,039</u>	<u>63,412</u>	<u>6,727,643</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(63,412)	(63,412)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,403,192</u>	<u>1,766,732</u>	<u>\$ 1,494,307</u>	<u>\$ 3,261,039</u>	<u>\$ -</u>	<u>\$ 6,664,231</u>

See accompanying Notes to Financial Statements.

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 802,843	\$ 3,592,948
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	17,791	19,370
Bad Debt Expense and Other	71,438	12,600
Forgiveness of Paycheck Protection Program Loan	-	(1,299,741)
Net Realized and Unrealized (Gains) Losses on Investments	564,049	(343,869)
Contributed Inventory	(19,587)	(27,591)
Change in Discount to Present Value of Contributions Receivable	16,809	(37,324)
(Increase) Decrease in Assets:		
Contributions Receivable	(844,166)	(314,554)
Due from Related Entities	27,390	109,774
Prepaid Expenses	(164,881)	126,380
Other Assets	11,829	6,969
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	53,949	227,867
Due to Related Entities	86,397	(1,638)
Deferred Rent	(3,194)	(8,918)
Net Cash Provided by Operating Activities	620,667	2,062,273
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(262,388)	(973,942)
Proceeds from Sales of Investments	222,924	643,650
Purchases of Property and Equipment	(17,553)	(14,413)
Net Cash Used by Investing Activities	(57,017)	(344,705)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(1,906)	(1,725)
Proceeds from Paycheck Protection Program Loan	-	649,870
Net Cash Provided (Used) by Financing Activities	(1,906)	648,145
NET INCREASE IN CASH AND CASH EQUIVALENTS	561,744	2,365,713
Cash and Cash Equivalents - Beginning of Year	3,479,933	1,114,220
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,041,677	\$ 3,479,933
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest Expense	\$ 429	\$ 7,286
Contributed Inventory	\$ 19,587	\$ 27,591

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Michigan (the Foundation) is a Michigan 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, 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 MICHIGAN
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost of greater than \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 7 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

Fair Value Measurements

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

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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

See additional information in Note 4.

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 \$671,424 and \$63,412 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 MICHIGAN
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. Conditional promises outstanding for the years ended August 31, 2022 and 2021 were \$-0-.

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:

	Programs	Fundraising	Management and General	Total
<u>August 31, 2022</u>				
Wish Related	\$ 1,101,995	\$ -	\$ -	\$ 1,101,995
Professional Services	-	-	3,850	3,850
Other	17,366	263	189	17,818
	<u>\$ 1,119,361</u>	<u>\$ 263</u>	<u>\$ 4,039</u>	<u>1,123,663</u>
Contributions Receivable, Net Change				279,824
Inventory (Asset)				19,587
Total				<u>\$ 1,423,074</u>
<u>August 31, 2021</u>				
Wish Related	\$ 326,201	\$ -	\$ -	\$ 326,201
Rent	29	37	27	93
Other	43,759	596	101	44,456
	<u>\$ 369,989</u>	<u>\$ 633</u>	<u>\$ 128</u>	<u>370,750</u>
Inventory (Asset)				27,591
Total				<u>\$ 398,341</u>

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

MAKE-A-WISH FOUNDATION® OF MICHIGAN
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 statements of activities. The amount of auction items received and sold during the years ended August 31, 2022 and 2021 totaled \$47,505 and \$-0-, respectively.

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

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

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

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Michigan taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 208.1207 of the state of Michigan. 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.

MAKE-A-WISH FOUNDATION® OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

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

Wish Granting

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

Fundraising

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

Management and General

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

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

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$1,341 and \$4,535, 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.

MAKE-A-WISH FOUNDATION® OF MICHIGAN
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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	\$ 10,686,378	\$ 9,920,690
Donor-Imposed Restrictions:		
Restricted Funds	3,592,980	2,740,103
Endowments	<u>104,224</u>	<u>104,224</u>
Financial Assets with Donor-Imposed Restrictions	<u>3,697,204</u>	<u>2,844,327</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 6,989,174</u>	<u>\$ 7,076,363</u>

Financial assets include cash and cash equivalents, investments, due from related entities, contributions receivable, and investments held for long-term purposes. For purposes of analyzing resources available to meet general expenditures over one year, the Foundation considers all expenditures related to its ongoing program activities, as well as the functions in support of those activities, to be general expenditures.

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes as described in Note 11, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. The Foundation also has available a line of credit in the amount of \$750,000 in the event there is a financial need. See Note 8.

MAKE-A-WISH FOUNDATION® OF MICHIGAN
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NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

Investments – Overall Investment Objective

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

Fair Value Hierarchy

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

	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2022</u>					
Assets:					
Mutual Funds	\$ 2,066,468	\$ -	\$ -	\$ -	\$ 2,066,468
Exchange-Traded Funds	240,948	-	-	-	240,948
Certificates of Deposit	-	518,792	-	-	518,792
Cash	-	-	-	150,109	150,109
Total Investments and Investments Held for Long-Term Purposes	<u>\$ 2,307,416</u>	<u>\$ 518,792</u>	<u>\$ -</u>	<u>\$ 150,109</u>	<u>\$ 2,976,317</u>
	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2021</u>					
Assets:					
Mutual Funds	\$ 2,483,702	\$ -	\$ -	\$ -	\$ 2,483,702
Exchange-Traded Funds	588,661	-	-	-	588,661
Certificates of Deposit	-	186,977	-	-	186,977
Cash	-	-	-	241,562	241,562
Total Investments and Investments Held for Long-Term Purposes	<u>\$ 3,072,363</u>	<u>\$ 186,977</u>	<u>\$ -</u>	<u>\$ 241,562</u>	<u>\$ 3,500,902</u>

MAKE-A-WISH FOUNDATION® OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 CONTRIBUTIONS RECEIVABLE

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

Total Amounts Due in:	2022	2021
Within One Year	\$ 1,761,315	\$ 961,330
One to Five Years	1,893,078	1,920,335
Gross Contributions Receivable	3,654,393	2,881,665
Less: Discount to Present Value	(83,824)	(67,015)
Contributions Receivable, Net	\$ 3,570,569	\$ 2,814,650

For the year ended August 31, 2022, 38% of contributions receivable are due from two donors. There were no such concentrations during the year end August 31, 2021. 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 \$1,278,475 and \$1,310,117 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- and \$1,000 during the years ended August 31, 2022 and 2021, respectively.

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 \$867,862 and \$665,791 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 \$2,050 and \$300, respectively, for the years ended August 31, 2022 and 2021, which is recorded in the accompanying statements of activities as other income.

MAKE-A-WISH FOUNDATION® OF MICHIGAN
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NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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

	<u>2022</u>	<u>2021</u>
Due from National Organization	\$ 96,354	\$ 123,908
Due from Other Chapters	1,461	1,297
Total Due from Related Entities	<u>\$ 97,815</u>	<u>\$ 125,205</u>
Due to National Organization	\$ 3,483	\$ 2,790
Due to Other Chapters	86,104	400
Total Due to Related Entities	<u>\$ 89,587</u>	<u>\$ 3,190</u>

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

During the years ended August 31, 2022 and 2021 the Foundation received contributions, both cash and in-kind, from board members totaling \$81,056 and \$1,017,049, respectively. At August 31, 2022 and 2021, amounts due from board members totaled \$609,447 and \$3,000, respectively, and are included in contributions receivable in the accompanying statements of financial position.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	<u>2022</u>	<u>2021</u>
Computer Equipment and Software	\$ 164,337	\$ 146,784
Office Furniture and Equipment	40,818	44,958
Leasehold Improvements	35,098	35,098
Total	240,253	226,840
Less: Accumulated Depreciation and Amortization	(207,060)	(193,409)
Property and Equipment, Net	<u>\$ 33,193</u>	<u>\$ 33,431</u>

Depreciation and amortization expense totaled \$17,791 and \$19,370, respectively for the years ended August 31, 2022 and 2021.

MAKE-A-WISH FOUNDATION® OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 SHORT-TERM BORROWINGS

The Foundation has an unsecured line of credit with a financial institution totaling \$750,000, bearing interest at a variable rate with a maturity date of September 20, 2023. The variable interest rate is determined based on *The Wall Street Journal* prime rate, which was 5.50% and 3.25%, as of August 31, 2022 and 2021, respectively. As of August 31, 2022 and 2021, the Foundation had no amounts outstanding on this line of credit.

NOTE 9 LEASES

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through May 2027. As of August 31, 2022 and 2021, the cost of leased property and equipment under capital leases was \$9,158 and accumulated depreciation was \$6,410 and \$4,012, respectively. Total rent expense for all operating leases for the years ended August 31, 2022 and 2021 totaled \$210,228 and \$201,157, respectively.

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

<u>Year Ending August 31,</u>	<u>Operating Leases</u>	<u>Capital Leases</u>
2023	\$ 218,871	\$ 2,335
2024	73,426	1,167
2025	45,224	-
2026	46,363	-
Thereafter	31,486	-
Total Minimum Lease Payments	<u>415,370</u>	<u>3,502</u>
Less Amounts Representing Interest	-	(262)
Present Value of Net Minimum Lease Payments	<u>\$ 415,370</u>	<u>\$ 3,240</u>

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

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	\$ 280,115	\$ 5,064
Subject to Passage of Time:		
Cash Pledges Receivable	3,312,865	2,735,039
Endowment:		
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Collins Endowment Fund	<u>104,224</u>	<u>104,224</u>
Total Donor-Restricted Net Assets	<u>\$ 3,697,204</u>	<u>\$ 2,844,327</u>

Each year, the Foundation appropriates any endowment earnings for expenditure. There are no unappropriated endowment earnings for the years ended August 31, 2022 and 2021.

NOTE 11 ENDOWMENTS

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

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

Interpretation of Relevant Law

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

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

NOTE 11 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

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

<u>August 31, 2022</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 104,224	\$ 104,224
<u>August 31, 2021</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 104,224	\$ 104,224

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

<u>August 31, 2022</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Funds - Beginning of Year	\$ -	\$ 104,224	\$ 104,224
Investment Return:			
Investment Income	-	5,232	5,232
Net Appreciation (Realized and Unrealized)	-	1,515	1,515
Total Investment Return	-	6,747	6,747
Appropriation of Endowment Asset for Expenditure	-	(6,747)	(6,747)
Endowment Funds - End of Year	\$ -	\$ 104,224	\$ 104,224
<u>August 31, 2021</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Funds - Beginning of Year	\$ -	\$ 104,224	\$ 104,224
Investment Return:			
Investment Income	-	2,293	2,293
Net Depreciation (Realized and Unrealized)	-	33,776	33,776
Total Investment Return	-	36,069	36,069
Appropriation of Endowment Asset for Expenditure	-	(36,069)	(36,069)
Endowment Funds - End of Year	\$ -	\$ 104,224	\$ 104,224

MAKE-A-WISH FOUNDATION® OF MICHIGAN
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AUGUST 31, 2022 AND 2021

NOTE 11 ENDOWMENTS (CONTINUED)

Fund Deficiencies

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

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment fund(s) while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds [if none, delete]. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 3% of its endowment fund's ending balance. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at a rate of return that would meet or exceed the Balance Market Index. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

MAKE-A-WISH FOUNDATION® OF MICHIGAN
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NOTE 12 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan on the first day of the month coinciding with or immediately following their date of hire. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code limitations. Upon completion of two years for full-time employees or upon completion of 1,000 hours annually for two years for part-time employees, the Foundation contributes 5% of the employee's salary into account. Foundation contributions to the Plan for the year ended August 31, 2022 and 2021 were \$83,456 and \$94,899, respectively.

NOTE 13 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.

Contributions totaling \$1,500,000 were received from a single donor in the form of a multi-year pledge for the year ended August 31, 2022 which represents 14% of raised revenue which consists of total public support and gross internal special event revenue. There were no such concentrations during the year end August 31, 2021. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 14 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 15 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 403 and 364 wishes, respectively. As of August 31, 2022 and 2021, respectively, there were approximately 603 and 706 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2022 was \$4,169 in cash and \$1,759 in in-kind for a total cost of \$5,928. The average cost of a wish for the year ended August 31, 2021 was \$4,364 in cash and \$1,054 in in-kind for a total cost of \$5,418.

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NOTE 16 RISKS AND UNCERTAINTIES

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

As of September 15, 2021, in consultation with the NMAC, the pause on domestic travel to large gatherings was lifted, if travel occurred by automobile. The pause on airline travel was lifted December 1, 2021 with a graduated approach with full domestic travel resuming June of 2022. International and cruise wish travel is still paused as of August 31, 2022. Prior to fiscal year 2020, travel wishes have been approximately 77% of wishes granted and the number of granted wishes averaged approximately 443. The number of wishes granted during the years ended August 31, 2022 and 2021 was 403 and 364, respectively.

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

NOTE 17 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$649,871 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 14, 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 \$649,871 on November 16, 2020.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$649,870 loan. The loan was received on January 22, 2021. The loan accrues interest at 1%, with the first 10 months of interest deferred, has a term of five years and is unsecured and guaranteed by the Small Business Administration. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation received forgiveness of \$649,870 on June 29, 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.

MAKE-A-WISH FOUNDATION® OF MICHIGAN
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NOTE 18 EMPLOYEE RETENTION CREDIT

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During the years ended August 31, 2021, the Foundation applied for Employee Retention Credit (ERC) grant funding from the Internal Revenue Service. The Foundation recognized \$295,229 of grant revenue related to performance requirements being met in compliance with the program during the years ended August 31, 2021. There were no similar funds applied for in the year ended August 31, 2022.

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

NOTE 19 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through February 20, 2023, the date at which the financial statements were available to be issued.



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