

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



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of San Diego
San Diego, California

Report on the Audit of the Financial Statements

Opinion

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

Minneapolis, Minnesota
July 18, 2023

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

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 1,127,344	\$ 928,907
Investments	5,477,153	7,038,524
Due from Related Entities	302,777	119,521
Prepaid Expenses	153,180	168,342
Contributions Receivable, Net	218,184	82,988
Other Assets	39,524	11,761
Property and Equipment, Net	182,564	139,833
Beneficial Interest in Assets Held by Others	492,559	546,105
Investments Held for Long-Term Purposes	1,024,458	1,268,340
	\$ 9,017,743	\$ 10,304,321
Total Assets		
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 408,017	\$ 261,451
Due to Related Entities	67,224	2,914
Deferred Rent Expense	87,254	-
Deferred Revenue	181,668	288,881
Paycheck Protection Program	-	310,995
Total Liabilities	744,163	864,241
NET ASSETS		
Without Donor Restrictions	6,527,390	7,466,550
With Donor Restrictions	1,746,190	1,973,530
Total Net Assets	8,273,580	9,440,080
	\$ 9,017,743	\$ 10,304,321
Total Liabilities and Net Assets		

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 2,460,123	\$ -	\$ 2,460,123
Contributions, Donated Goods and Services	495,169	159,134	654,303
Grants	294,624	(385)	294,239
Total Public Support	3,249,916	158,749	3,408,665
Internal Special Events	1,717,659	-	1,717,659
Internal Special Events, Donated Goods and Services	120,160	-	120,160
Less: Costs of Direct Benefits to Donors	(434,310)	-	(434,310)
Total Special Events	1,403,509	-	1,403,509
Net Investment Income (Loss)	(1,046,237)	(193,994)	(1,240,231)
Change in Value of Beneficial Interest Held by Others	(53,071)	-	(53,071)
Forgiveness of Paycheck Protection Program Loan	310,995	-	310,995
Other Income	62,914	-	62,914
Loss on Disposal of Property	(5,149)	-	(5,149)
Net Assets Released from Restrictions	192,095	(192,095)	-
Total Revenues, Gains, and Other Support	4,114,972	(227,340)	3,887,632
EXPENSES			
Program Services:			
Wish Granting	3,528,639	-	3,528,639
Total Program Services	3,528,639	-	3,528,639
Support Services:			
Fundraising	646,094	-	646,094
Management and General	879,399	-	879,399
Total Support Services	1,525,493	-	1,525,493
Total Expenses	5,054,132	-	5,054,132
CHANGE IN NET ASSETS	(939,160)	(227,340)	(1,166,500)
Net Assets - Beginning of Year	7,466,550	1,973,530	9,440,080
NET ASSETS - END OF YEAR	\$ 6,527,390	\$ 1,746,190	\$ 8,273,580

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 2,585,333	\$ 6,457	\$ 2,591,790
Contributions, Donated Goods and Services	189,618	-	189,618
Grants	160,230	(565)	159,665
Total Public Support	2,935,181	5,892	2,941,073
Internal Special Events, Cash	806,560	18,490	825,050
Internal Special Events, Donated Goods and Services	12,899	-	12,899
Less: Costs of Direct Benefits to Donors	(55,929)	-	(55,929)
Total Special Events	763,530	18,490	782,020
Net Investment Income (Loss)	1,374,192	165,018	1,539,210
Forgiveness of Paycheck Protection Program Loan	293,600	-	293,600
Other Income	18,768	-	18,768
Net Assets Released from Restrictions	115,970	(115,970)	-
Total Revenues, Gains, and Other Support	5,501,241	73,430	5,574,671
EXPENSES			
Program Services:			
Wish Granting	3,005,677	-	3,005,677
Program-Related Support	-	-	-
Total Program Services	3,005,677	-	3,005,677
Support Services:			
Fundraising	648,455	-	648,455
Management and General	909,972	-	909,972
Total Support Services	1,558,427	-	1,558,427
Total Expenses	4,564,104	-	4,564,104
CHANGE IN NET ASSETS	937,137	73,430	1,010,567
Net Assets - Beginning of Year	6,529,413	1,900,100	8,429,513
NET ASSETS - END OF YEAR	\$ 7,466,550	\$ 1,973,530	\$ 9,440,080

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SAN DIEGO
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	\$ 2,147,313	\$ -	\$ -	\$ -	\$ -	\$ 2,147,313
Salaries, Taxes, and Benefits	879,082	344,591	681,262	1,025,853	-	1,904,935
Printing, Subscriptions, and Publications	15,470	32,298	1,918	34,216	-	49,686
Professional Fees	32,221	16,212	69,440	85,652	-	117,873
Rent and Utilities	107,284	53,658	32,789	86,447	-	193,731
Postage and Delivery	4,723	15,755	1,333	17,088	-	21,811
Travel	6,357	4,943	3,350	8,293	-	14,650
Meetings and Conferences	35,321	17,125	5,504	22,629	-	57,950
Office Supplies	33,822	10,271	4,510	14,781	-	48,603
Communications	12,580	5,833	5,236	11,069	-	23,649
Advertising and Media (Cash)	-	650	-	650	-	650
Advertising and Media (In-Kind)	-	8,390	-	8,390	-	8,390
Repairs and Maintenance	2,355	1,321	2,376	3,697	-	6,052
Membership Dues	837	827	167	994	-	1,831
National Partnership Dues	215,492	38,908	44,894	83,802	-	299,294
Miscellaneous	11,849	82,825	15,559	98,384	-	110,233
Depreciation and Amortization	23,933	12,487	11,061	23,548	-	47,481
Special Event - Direct Donor Benefits	-	-	-	-	434,310	434,310
Total	3,528,639	646,094	879,399	1,525,493	434,310	5,488,442
Less: Expenses Netted Against Revenues on Statement of Activities:						
Special Event Expenses	-	-	-	-	(434,310)	(434,310)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 3,528,639	\$ 646,094	\$ 879,399	\$ 1,525,493	\$ -	\$ 5,054,132

See accompanying Notes to Financial Statements.

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

	Services		Support Services		Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 919,058	\$ -	\$ -	\$ -	\$ -	\$ 919,058
Salaries, Taxes, and Benefits	777,809	356,358	730,670	1,087,028	-	1,864,837
Printing, Subscriptions, and Publications	4,556	38,851	1,000	39,851	-	44,407
Professional Fees	11,726	7,530	52,882	60,412	-	72,138
Rent and Utilities	72,194	33,312	37,636	70,948	-	143,142
Postage and Delivery	4,123	6,282	885	7,167	-	11,290
Travel	3,659	1,967	1,514	3,481	-	7,140
Meetings and Conferences	7,559	88,586	3,647	92,233	-	99,792
Office Supplies	9,154	19,273	2,221	21,494	-	30,648
Communications	8,310	4,053	5,252	9,305	-	17,615
Repairs and Maintenance	-	3,085	-	3,085	-	3,085
Bad Debt Expense	1,399	893	688	1,581	-	2,980
Membership Dues	-	100	169	269	-	269
Volunteer Training	1,000,000	-	-	-	-	1,000,000
National Partnership Dues	177,134	39,054	57,783	96,837	-	273,971
Miscellaneous	2,115	45,830	5,969	51,799	-	53,914
Depreciation and Amortization	6,881	3,281	9,656	12,937	-	19,818
Special Event - Direct Donor Benefits	-	-	-	-	55,929	55,929
Total	3,005,677	648,455	909,972	1,558,427	55,929	4,620,033
Less: Expenses Netted Against Revenues on Statement of Activities:						
Special Event Expenses	-	-	-	-	(55,929)	(55,929)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 3,005,677	\$ 648,455	\$ 909,972	\$ 1,558,427	\$ -	\$ 4,564,104

See accompanying Notes to Financial Statements.

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,166,500)	\$ 1,010,567
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	47,480	19,818
Forgiveness of Paycheck Protection Program Loan	(310,995)	(293,600)
Net Realized and Unrealized Gains (Losses) on Investments	1,447,562	(1,389,141)
Gain on Sale of Property and Equipment	5,149	-
Changes in Assets and Liabilities:		
Contributions Receivable	(135,196)	37,012
Due from Related Entities	(183,256)	(69,384)
Prepaid Expenses	15,162	48,465
Other Assets	(27,763)	(11,761)
Accounts Payable and Accrued Expenses	146,566	32,872
Due to Related Entities	64,310	2,914
Deferred Rent	87,254	-
Deferred Revenue	(107,213)	288,881
Net Cash Used by Operating Activities	(117,440)	(323,357)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(231,467)	(240,859)
Proceeds from Sales of Investments	642,704	670,057
Purchases of Property and Equipment	(95,360)	(117,445)
Net Cash Provided by Investing Activities	315,877	311,753
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	-	310,995
NET INCREASE IN CASH AND CASH EQUIVALENTS	198,437	299,391
Cash and Cash Equivalents - Beginning of Year	928,907	629,516
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,127,344	\$ 928,907
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest Expense	\$ 2,053	\$ -

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of San Diego (the Foundation) is a California 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 (GAAP) applicable to nonprofit entities.

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. Certain investments are valued by using the net asset value (NAV) per share (or its equivalent), as a practical expedient.

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.

Property and Equipment, Net

Property and equipment having a useful life of more than one year are capitalized at cost when purchased with no minimum threshold. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally three to five years. 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

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.

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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 \$434,310 and \$55,929 for the years ended August 31, 2022 and 2021, respectively. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met which is the occurrence of the event.

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

Conditional promises to give are not recognized as contribution revenue and receivables until the conditions have been substantially met.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

	<u>Program</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2022</u>				
Wish Related	\$ 598,894	\$ -	\$ -	\$ 598,894
Professional Services	-	-	-	-
Advertising and Media	-	8,390	-	8,390
Other	34,922	2,316	398	37,636
Subtotal	<u>\$ 633,816</u>	<u>\$ 10,706</u>	<u>\$ 398</u>	
Special Events				129,543
Total				<u>\$ 774,463</u>
 <u>August 31, 2021</u>				
Wish Related	\$ 168,851	\$ -	\$ -	\$ 168,851
Professional Services	-	-	6,000	6,000
Other	749	-	-	749
Subtotal	<u>\$ 169,600</u>	<u>\$ -</u>	<u>\$ 6,000</u>	
Special Events				15,166
Inventory (Asset)				11,751
Total				<u>\$ 202,517</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.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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 California income taxes under the provisions of Internal Revenue Code Section (IRC) 501(c)(3) and Section 23701d of the California Revenue and Taxation 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 unrelated trade or business, in the opinion of management, is not material to the financial statement 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 one state jurisdiction.

Functional Expenses

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

Wish Granting

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

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2022 and 2021, the Foundation incurred no significant joint costs for activities that include fundraising appeals.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

Management and General

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

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

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 \$87,254 and \$-0- at August 31, 2022 and 2021, respectively.

Management Estimates

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

Adoption of Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires that contributed nonfinancial assets are reported on a separate line item in the statements of activities, apart from contributions of cash and other financial assets. It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets along with additional qualitative information about the monetization of such assets, donor restrictions and valuation techniques. The adoption of this standard did not have any significant impact on the accompanying financial statements or disclosures.

Accounting Pronouncement Not Yet Effective

In February 2016, FASB issued ASU 2016-02, *Leases*. This accounting standard requires organizations that lease assets to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its statement of financial position. This accounting standard will also require additional disclosures about the amount, timing and uncertainty of cash flows arising from leases. This accounting standard is effective for the Foundation as of fiscal year 2023. Management is currently evaluating the impact of adopting this accounting standard.

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NOTE 3 LIQUIDITY AND AVAILABILITY

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

	<u>2022</u>	<u>2021</u>
Total Financial Assets	\$ 8,642,475	\$ 9,984,385
Donor-Imposed Restrictions:		
Restricted Funds	(660,903)	(644,361)
Promises to Give Due in Over One Year	(30,000)	(30,000)
Endowments	<u>(1,024,458)</u>	<u>(1,268,340)</u>
Net Financial Assets after Donor-Imposed Restrictions	<u>6,927,114</u>	<u>8,041,684</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 6,927,114</u>	<u>\$ 8,041,684</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. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

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, appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value of Financial Instruments (Continued)

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 finance committee, which oversees the Foundation's investment program in accordance with established guidelines.

Fair Value Hierarchy

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>August 31, 2022</u>				
Assets				
Investments:				
Mutual Funds	\$ 6,501,611	\$ -	\$ -	\$ 6,501,611
Beneficial Interests in Assets Held by Others	-	-	492,559	492,559
Total Investments	<u>6,501,611</u>	<u>-</u>	<u>492,559</u>	<u>6,994,170</u>
Total Assets	<u>\$ 6,501,611</u>	<u>\$ -</u>	<u>\$ 492,559</u>	<u>\$ 6,994,170</u>
<u>August 31, 2021</u>				
Assets				
Investments:				
Mutual Funds	\$ 8,306,864	\$ -	\$ -	\$ 8,306,864
Beneficial Interests in Assets Held by Others	-	-	546,105	546,105
Total Investments	<u>8,306,864</u>	<u>-</u>	<u>546,105</u>	<u>8,852,969</u>
Total Assets	<u>\$ 8,306,864</u>	<u>\$ -</u>	<u>\$ 546,105</u>	<u>\$ 8,852,969</u>

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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

The following table presents a roll forward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the years ended August 31:

	<u>2022</u>	<u>2021</u>
Beginning Balance	\$ 546,105	\$ 380,623
Purchases	2,739	86,537
Transfer out of Level 3	(6,367)	-
Total Gains or Losses (Realized/Unrealized)	(49,918)	78,945
Included in Changes in Net Assets		
Ending Balance	<u>\$ 492,559</u>	<u>\$ 546,105</u>
Change in Unrealized Gains or Losses for the Period		
Included in the Change in Net Assets Relating to		
Investments Still Held at End of Reporting Period	<u>\$ (49,918)</u>	<u>\$ 78,945</u>

The following table describes the valuation techniques used to calculate fair value for assets in Level 3. There were no changes in valuation techniques and related inputs from the prior year.

<u>Quantitative Information About Level 3 Fair Value Measurements</u>		
<u>Type of Assets</u>	<u>Fair Value at August 31, 2022</u>	<u>Valuation Technique</u>
Beneficial Interests in Assets Held by Others	\$ 492,559	Fair Value of Underlying Assets
<u>Type of Assets</u>	<u>Fair Value at August 31, 2021</u>	<u>Valuation Technique</u>
Beneficial Interests in Assets Held by Others	\$ 546,105	Fair Value of Underlying Assets

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NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates of 3.27% at August 31, 2022.

The following is a summary of the Foundation's contributions receivable at August 31:

	2022	2021
Total Amounts Due in:		
Within One Year	\$ 189,134	\$ 52,988
One to Five Years	30,000	30,000
Gross Contributions Receivable	219,134	82,988
Less: Discount to Present Value	(950)	-
Contributions Receivable, Net	\$ 218,184	\$ 82,988

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 SPLIT-INTEREST AGREEMENTS

Beneficial Interests in Assets Held by Others

In November 2008, the Foundation transferred \$100,000 to The San Diego Foundation (TSDf). Distributions of income earned from TSDf are to be made semiannually, in March and September, or upon request after an allocation period, in amount determined by TSDf's board of directors based on earnings as defined in the agreement, to support the mission of the Foundation. In August of 2021, the Foundation transferred an additional \$83,000 to TSDf.

In July 2017, the Foundation transferred \$100,000 to the Jewish Community Foundation (JCF). Distributions of income earned or principal shall be distributed upon written direction by two duly authorized officers or directors of the Foundation.

In September 2017, the Foundation transferred \$100,000 to the Rancho Santa Fe Foundation (RSF). The Foundation shall appoint an advisory committee to advise on the distribution of income earned from RSF.

See Note 4 for fair value information on beneficial interest in assets held by others.

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NOTE 7 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2022 and 2021, respectively, the Foundation received \$599,851 and \$727,789 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 contributed \$-0- and \$1,000,000 during the years ended August 31, 2022 and 2021, respectively.

Conversely, the Foundation pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation® of America pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$397,987 and \$251,902 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 \$59,600 and \$15,650 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	\$ 76,865	\$ 59,565
Due from Other Chapters	225,912	59,956
Total Due from Related Entities	<u>\$ 302,777</u>	<u>\$ 119,521</u>
Due to National Organization	\$ 1,846	\$ 2,914
Due to Other Chapters	65,378	-
Total Due to Related Entities	<u>\$ 67,224</u>	<u>\$ 2,914</u>

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NOTE 7 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 from board members totaling \$262,498 and \$65,418, respectively.

NOTE 8 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	\$ 41,600	\$ 112,058
Office Furniture	206,967	195,034
Total	248,567	307,092
Less: Accumulated Depreciation and Amortization	(66,003)	(167,259)
Property and Equipment, Net	<u>\$ 182,564</u>	<u>\$ 139,833</u>

Depreciation and amortization expense totaled \$47,480 and \$19,819, respectively, for the years ended August 31, 2022 and 2021.

NOTE 9 LEASES

The Foundation is obligated under operating leases for office space, which expires in March 2029. Monthly lease payments vary from \$14,554 to \$17,908 for the duration of the lease. Total rent expense for this lease for the years ended August 31, 2022 and 2021 totaled \$177,289 and \$143,387, 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>
2023	\$ 179,456
2024	184,839
2025	190,385
2026	196,096
Thereafter	538,023
Total Minimum Lease Payments	<u>\$ 1,288,799</u>

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NOTE 10 NET ASSETS

Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 660,903	\$ 644,361
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	60,829	60,829
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	24,458	268,340
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Tawney Endowment Fund	<u>1,000,000</u>	<u>1,000,000</u>
Promises to Give Restricted to Endowment	<u>-</u>	<u>-</u>
Total	<u>1,024,458</u>	<u>1,268,340</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,746,190</u>	<u>\$ 1,973,530</u>

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

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NOTE 11 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

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

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

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

<u>August 31, 2022</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 1,024,458	\$ 1,024,458
Board-Designated Endowment Funds	-	-	-
Total Funds	<u>\$ -</u>	<u>\$ 1,024,458</u>	<u>\$ 1,024,458</u>
<u>August 30, 2021</u>			
Donor-Restricted Endowment Funds	\$ -	\$ 1,268,340	\$ 1,268,340
Board-Designated Endowment Funds	-	-	-
Total Funds	<u>\$ -</u>	<u>\$ 1,268,340</u>	<u>\$ 1,268,340</u>

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NOTE 11 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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	\$ -	\$ 1,268,340	\$ 1,268,340
Investment Return:			
Investment Income	-	23,931	23,931
Net Appreciation (Realized and Unrealized)	-	(217,813)	(217,813)
Total Investment Return	-	(193,882)	(193,882)
Appropriation of Endowment Asset for Expenditure	-	(50,000)	(50,000)
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 1,024,458</u>	<u>\$ 1,024,458</u>
<u>August 30, 2021</u>			
Endowment Funds - Beginning of Year	\$ -	\$ 1,103,322	\$ 1,103,322
Investment Return:			
Investment Income	-	21,771	21,771
Net Appreciation (Realized and Unrealized)	-	193,247	193,247
Total Investment Return	-	215,018	215,018
Appropriation of Endowment Asset for Expenditure	-	(50,000)	(50,000)
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 1,268,340</u>	<u>\$ 1,268,340</u>

Fund Deficiencies

There are no fund deficiencies as of August 31, 2022 and 2021.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment fund while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). 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 equal to or greater than the rate of inflation (Consumer Price Index) plus any spending and administrative expenses thus, at a minimum, maintaining the purchasing power of those assets managed by the Foundation. Actual returns in any given year may vary from this amount.

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NOTE 11 ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's average market value of the portfolio each year. The endowment's annual market value shall be calculated by averaging the portfolio's quarterly market values. After 36 months, the endowment's market value shall be calculated by averaging the market value of the portfolio over the prior 12 quarters. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 5% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. Additionally, the board of directors may approve amounts in excess of the spending policy for appropriation as needed.

NOTE 12 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation contributions to the Plan for the years ended August 31, 2022 and 2021 were \$55,224 and \$41,747, 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 \$493,055, respectively, were received from one donor for the year ended August 31, 2021, which represents 13% of raised revenue which consists of total public support and gross internal special event revenue. Should these contribution levels decrease, the Foundation may be adversely affected.

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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 fiscal years ended August 31, 2022 and 2021, the Foundation granted 205 and 115 wishes, respectively. As of August 31, 2022 and 2021, respectively, there were approximately 320 and 261 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2022 was \$7,700 cash and \$2,028 in in-kind for a total cost of \$9,728. The average cost of a wish for the year ended August 31, 2021 was \$5,185 in cash and \$1,468 in in-kind for a total cost of \$6,671.

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 59% of wishes granted and the number of granted wishes averaged approximately 181. The number of wishes granted during the years ended August 31, 2022 and 2021 was 205 and 115, respectively.

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

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NOTE 17 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved a \$293,600 loan under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the U.S. Small Business Administration (SBA). The loan was received on April 4, 2020. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation received forgiveness of \$293,600 on March 8, 2021.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$310,995 loan. The loan was received on February 10, 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 SBA. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation received forgiveness of \$310,995 on October 22, 2021.

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

NOTE 18 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through July 18, 2023, the date at which the financial statements were available to be issued.



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