

MAKE-A-WISH FOUNDATION® OF ILLINOIS
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2023 AND 2022



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**MAKE-A-WISH FOUNDATION® OF ILLINOIS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Illinois
Chicago, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Illinois (a nonprofit organization), which comprise the statements of financial position as of August 31, 2023 and 2022, 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 Illinois as of August 31, 2023 and 2022, 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2023 the Foundation adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

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 Illinois 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 Illinois' 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 Illinois' 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 Illinois' 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
December 12, 2023

MAKE-A-WISH FOUNDATION® OF ILLINOIS
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 7,727,736	\$ 8,532,276
Investments	5,815,030	5,349,127
Due from Related Entities	374,327	186,390
Prepaid Expenses	231,388	223,931
Contributions Receivable, Net	910,548	1,537,913
Other Assets	44,820	698,306
Investments Held for Long-Term Purposes	4,537,097	4,228,884
Right-of-Use Assets - Operating	82,199	-
Property and Equipment, Net	60,652	83,220
Total Assets	\$ 19,783,797	\$ 20,840,047
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,086,432	\$ 954,747
Due to Related Entities	278,849	228,749
Other Liabilities	-	76,756
Deferred Rent	-	75,638
Lease Liability - Operating	98,262	-
Capital Lease Obligations	-	4,502
Total Liabilities	1,463,543	1,340,392
NET ASSETS		
Without Donor Restrictions	12,872,635	12,857,970
With Donor Restrictions	5,447,619	6,641,685
Total Net Assets	18,320,254	19,499,655
Total Liabilities and Net Assets	\$ 19,783,797	\$ 20,840,047

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF ILLINOIS
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 7,365,056	\$ 200,000	\$ 7,565,056
Contributions, Donated Goods and Services	3,070,103	644,358	3,714,461
Grants	277,800	-	277,800
Total Public Support	10,712,959	844,358	11,557,317
Internal Special Events, Cash	3,268,420	74,100	3,342,520
Internal Special Events, Donated Goods and Services	950	-	950
Less: Costs of Direct Benefits to Donors	(847,007)	-	(847,007)
Total Internal Special Events	2,422,363	74,100	2,496,463
Investment Income, Net	719,237	270,962	990,199
Other Income	37,125	-	37,125
Net Assets Released from Restrictions	2,383,486	(2,383,486)	-
Total Revenues, Gains, and Other Support	16,275,170	(1,194,066)	15,081,104
EXPENSES			
Program Services:			
Wish Granting	12,161,683	-	12,161,683
Total Program Services	12,161,683	-	12,161,683
Support Services:			
Fundraising	2,209,772	-	2,209,772
Management and General	1,883,843	-	1,883,843
Total Support Services	4,093,615	-	4,093,615
Total Expenses	16,255,298	-	16,255,298
OTHER LOSSES			
Losses on Disposal of Equipment	(5,207)	-	(5,207)
Total Other Losses	(5,207)	-	(5,207)
CHANGE IN NET ASSETS	14,665	(1,194,066)	(1,179,401)
Net Assets - Beginning of Year	12,857,970	6,641,685	19,499,655
NET ASSETS - END OF YEAR	\$ 12,872,635	\$ 5,447,619	\$ 18,320,254

See accompanying Notes to Financial Statements.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 6,801,917	\$ 10,000	\$ 6,811,917
Contributions, Donated Goods and Services	2,469,751	792,985	3,262,736
Grants	866,519	-	866,519
Total Public Support	<u>10,138,187</u>	<u>802,985</u>	<u>10,941,172</u>
Internal Special Events, Cash	2,621,966	91,175	2,713,141
Internal Special Events, Donated Goods and Services	31,466	-	31,466
Less: Costs of Direct Benefits to Donors	<u>(729,166)</u>	<u>-</u>	<u>(729,166)</u>
Total Internal Special Events	1,924,266	91,175	2,015,441
Investment Loss, Net	(950,694)	(745,796)	(1,696,490)
Forgiveness of Paycheck Protection Program Loan	744,005	-	744,005
Other Income	23,302	-	23,302
Net Assets Released from Restrictions	<u>534,116</u>	<u>(534,116)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	12,413,182	(385,752)	12,027,430
EXPENSES			
Program Services:			
Wish Granting	<u>8,335,570</u>	<u>-</u>	<u>8,335,570</u>
Total Program Services	8,335,570	-	8,335,570
Support Services:			
Fundraising	1,944,949	-	1,944,949
Management and General	<u>1,730,654</u>	<u>-</u>	<u>1,730,654</u>
Total Support Services	<u>3,675,603</u>	<u>-</u>	<u>3,675,603</u>
Total Expenses	<u>12,011,173</u>	<u>-</u>	<u>12,011,173</u>
CHANGE IN NET ASSETS	402,009	(385,752)	16,257
Net Assets - Beginning of Year	<u>12,455,961</u>	<u>7,027,437</u>	<u>19,483,398</u>
NET ASSETS - END OF YEAR	<u><u>\$ 12,857,970</u></u>	<u><u>\$ 6,641,685</u></u>	<u><u>\$ 19,499,655</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF ILLINOIS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2023

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 8,970,832	\$ -	\$ -	\$ -	\$ -	\$ 8,970,832
Salaries, Taxes, and Benefits	1,744,579	1,337,753	1,404,203	2,741,956	-	4,486,535
Employee Benefits	162,409	120,352	100,095	220,447	-	382,856
Payroll Taxes	132,580	97,481	96,047	193,528	-	326,108
Professional Fees, Accounting	-	-	4,790	4,790	-	4,790
Professional Fees, Other	22,057	42,400	8,070	50,470	-	72,527
Printing, Subscriptions, and Publications	26,621	52,590	756	53,346	-	79,967
Occupancy	153,194	90,671	76,542	167,213	-	320,407
Postage and Delivery	33,809	21,716	1,025	22,741	-	56,550
Travel	17,842	32,062	2,291	34,353	-	52,195
Meetings and Conferences	30,855	40,248	8,351	48,599	-	79,454
Office Supplies	5,197	10,080	1,410	11,490	-	16,687
Communications	25,319	14,985	13,542	28,527	-	53,846
Advertising and Media (Cash)	428	2,690	-	2,690	-	3,118
Advertising and Media (In-Kind)	43,428	24,650	-	24,650	-	68,078
Repairs and Maintenance	8,141	4,818	4,813	9,631	-	17,772
Membership Dues	1,353	2,181	123	2,304	-	3,657
Information Technology	38,581	58,442	18,947	77,389	-	115,970
Chapter Dues	645,538	147,552	129,108	276,660	-	922,198
Miscellaneous	72,527	44,723	1,110	45,833	-	118,360
Merchant Fees	-	48,756	-	48,756	-	48,756
Depreciation and Amortization	26,393	15,622	12,620	28,242	-	54,635
Special Event - Direct Donor Benefits	-	-	-	-	847,007	847,007
Total Expenses by Function	12,161,683	2,209,772	1,883,843	4,093,615	847,007	17,102,305
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(847,007)	(847,007)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 12,161,683	\$ 2,209,772	\$ 1,883,843	\$ 4,093,615	\$ -	\$ 16,255,298

See accompanying Notes to Financial Statements.

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

	Program	Support Services			Direct Donor Benefits	Total
	Services			Total Support Services		
	Wish Granting	Fundraising	Management and General			
Direct Costs of Wishes	\$ 5,375,140	\$ -	\$ -	\$ -	\$ -	\$ 5,375,140
Salaries, Taxes, and Benefits	1,802,954	1,427,139	1,410,773	2,837,912	-	4,640,866
Printing, Subscriptions, and Publications	13,929	30,271	-	30,271	-	44,200
Professional Fees	22,773	41,747	6,164	47,911	-	70,684
Rent and Utilities	168,187	99,546	88,345	187,891	-	356,078
Postage and Delivery	30,298	17,416	665	18,081	-	48,379
Travel	9,564	18,764	1,539	20,303	-	29,867
Meetings and Conferences	7,907	23,791	7,642	31,433	-	39,340
Office Supplies	3,894	6,392	1,410	7,802	-	11,696
Communications	20,024	11,852	10,733	22,585	-	42,609
Advertising and Media (Cash)	348	3,289	-	3,289	-	3,637
Repairs and Maintenance	6,240	3,693	4,952	8,645	-	14,885
Membership Dues	1,373	939	-	939	-	2,312
Information Technology	21,677	45,827	14,807	60,634	-	82,311
Chapter Dues	693,746	125,260	144,531	269,791	-	963,537
Miscellaneous	135,779	76,158	27,471	103,629	-	239,408
Depreciation and Amortization	21,737	12,865	11,622	24,487	-	46,224
Special Event - Direct Donor Benefits	-	-	-	-	729,166	729,166
Total Expenses by Function	8,335,570	1,944,949	1,730,654	3,675,603	729,166	12,740,339
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(729,166)	(729,166)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 8,335,570</u>	<u>\$ 1,944,949</u>	<u>\$ 1,730,654</u>	<u>\$ 3,675,603</u>	<u>\$ -</u>	<u>\$ 12,011,173</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF ILLINOIS
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,179,401)	\$ 16,257
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	54,635	46,224
Forgiveness of Paycheck Protection Program Loan	-	(744,005)
Bad Debt Expense and Other	(9,218)	(12,048)
Contributions Restricted for Long-Term Investment	(200,000)	-
Net Realized and Unrealized (Gains) Losses on Investments	(519,672)	1,904,801
Loss on Disposal of Property and Equipment	5,207	-
Change in Discount to Present Value of Contributions Receivable	784	784
Change in Operating Right-of-Use Assets and Lease Liabilities	16,063	-
(Increase) Decrease in Assets:		
Contributions Receivable	635,799	(50,505)
Due from Related Entities	(187,937)	24,912
Prepaid Expenses	(7,457)	(134,664)
Other Assets	653,486	(384,073)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	131,685	269,090
Due to Related Entities	50,100	209,478
Other Liabilities	(76,756)	(78,680)
Deferred Rent	(75,638)	(50,163)
Net Cash Provided (Used) by Operating Activities	(708,320)	1,017,408
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(417,194)	(164,473)
Proceeds from Sales of Investments	162,750	156,000
Purchases of Property and Equipment	(37,274)	(37,976)
Net Cash Used by Investing Activities	(291,718)	(46,449)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Long-Term Investment	200,000	-
Principal Payments on Finance Lease Obligations	(4,502)	(4,297)
Net Cash Provided (Used) by Financing Activities	195,498	(4,297)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(804,540)	966,662
Cash and Cash Equivalents - Beginning of Year	8,532,276	7,565,614
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,727,736	\$ 8,532,276
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest Expense	\$ 1,468	\$ 1,601
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 332,306	\$ -
In-Kind Contributions	\$ 4,082,950	\$ 3,452,891

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Illinois (the Foundation) is an Illinois 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.

The Foundation granted its first wish in 1985 and has granted a total of 17,927 wishes through August 31, 2023. For the years ended August 31, 2023 and August 31, 2022, the Foundation granted 729 and 493 wishes, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Cash and Cash Equivalents

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

Investments

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

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

Contributions Receivable

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

MAKE-A-WISH FOUNDATION® OF ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Foundation determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (“ROU”) assets – operating and lease liability – operating, and finance leases are included in right-of-use (“ROU”) assets – financing and lease liability – financing in the statements of financial position.

ROU assets represent the Foundation’s right to use an underlying asset for the lease term and lease liabilities represent the Foundation’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease terms. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Foundation has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Foundation has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Property and Equipment, Net

Property and equipment having a unit cost of greater than \$1,000 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases (Fiscal Year 2022) 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 5 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.

MAKE-A-WISH FOUNDATION® OF ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. The governing Board has designated, from net assets without donor restrictions, \$2,400,000 of net assets for an operating reserve to fund wishes that had been postponed due to the COVID-19 pandemic.

MAKE-A-WISH FOUNDATION® OF ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

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-kind and other income.

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.

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was approximately \$847,008 and \$729,166 for the years ended August 31, 2023 and 2022, 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.

The Foundation receives auction items to be sold at its special events. Contributed auction items are valued at the gross selling price received and the value is included in internal special event revenue on the statement of activities. The amount of auction items received and sold during the years ended August 31, 2023 and 2022 totaled \$355,516 and \$184,906, respectively.

MAKE-A-WISH FOUNDATION® OF ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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.

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, 2023 and 2022 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.

Contributions: Donated Goods and Services

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

	<u>2023</u>	<u>2022</u>
Wish Related Travel, Goods, and Services	\$ 3,828,406	\$ 2,265,229
Professional Services	400	2,750
Other	28,815	137,970
Contributions Receivable, Net Change	(148,628)	792,985
Advertising and Media	68,078	-
Special Events	400	5,250
Property and Equipment	-	13,764
Auction	355,516	184,906
Other Assets, Net Change	<u>(50,037)</u>	<u>50,037</u>
Total Contributed Nonfinancial Assets and Services	<u>\$ 4,082,950</u>	<u>\$ 3,452,891</u>

Wish related travel, goods and other services are used in the wish granting program. The Foundation estimates the fair value of wish related travel, goods, and services on the basis of estimates of the current market rates for similar travel, goods and other services in the Foundation's market.

MAKE-A-WISH FOUNDATION® OF ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions: Donated Goods and Services (Continued)

Professional services relate to photography and videography services for internal special events, and are valued and reported at the estimated fair value based on current rates for similar services.

Contributed office space is valued and reported at the estimated fair value on the basis of comparable lease agreements in the Foundation's market. Contributed office space is used for both program and supporting services.

Donated advertising and media is reported at the estimated fair value as provided by the donor based on rates charged for similar advertising or media. Advertising and media is used for both program and supporting services. 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.

Special event donated items 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.

Other asset items donated consist of party-in-a-box supplies and wish kit enhancements to be given out to children scheduled to experience Disney World wishes and were valued using the fair value of these items based on current market rates for similar items in the Foundation's market.

Property and equipment items donated consist of laptops for employee use and were valued using the fair value of these items based on current market rates for similar items in the Foundation's market.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Illinois taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 205 of the Illinois 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 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, 2023 and 2022. The Foundation files income tax returns in the U.S. federal jurisdiction, and applicable state jurisdictions.

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

Functional Expenses

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

Program Service

Activities performed by the Foundation related to the wish program including the identification of wish candidates and the determination and delivery of each wish. Specific activities include, but are not limited to, the development of wish resources, handling of wish referrals, and administration of the wish program.

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 (ASC 840)

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$76,756 at August 31, 2022.

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.

MAKE-A-WISH FOUNDATION® OF ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Pronouncement

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Foundation adopted the requirements of the guidance effective September 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

The Foundation has elected to adopt the package of practical expedients available in the year of adoption. The Foundation has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Foundation's ROU assets.

Lease disclosures for the year ended August 31, 2022 are made under prior lease guidance in FASB ASC 840.

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>2023</u>	<u>2022</u>
Total Financial Assets	\$ 19,364,738	\$ 19,834,590
Donor-Imposed Restrictions:		
Investments	(4,537,097)	(4,228,884)
Contributions Receivable, Net	<u>(910,548)</u>	<u>(1,537,913)</u>
Net Financial Assets after Donor-Imposed Restrictions	13,917,093	14,067,793
Internal Designations:		
Board-Designated Endowments	<u>(2,400,000)</u>	<u>(2,400,000)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 11,517,093</u>	<u>\$ 11,667,793</u>

MAKE-A-WISH FOUNDATION® OF ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

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

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 9, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Foundation has established two board-designated funds. The Foundation's unrestricted Board-Designated Fund (Board Fund) serves primarily as an operating reserve to support operating cash needs. The Foundation's policy is to maintain a minimum of three months of reserves with the Board Fund and commercial operating cash account. Spending from the Board Fund is based on amounts appropriated for expenditure as part of the Board's annual budget approval and appropriation. Amounts appropriated can be to support the annual operating budget or to support strategic plan initiatives that will lead to step-change improvement in wish growth.

Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which may include significant planned gifts. In 2020, the Foundation designated \$2,400,000 from a \$3,400,000 bequest. This board-designated reserve is to fund wishes that have been postponed by the COVID-19 pandemic. See Note 9 for further detail on board-designated reserves.

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, 2023 and 2022 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.

MAKE-A-WISH FOUNDATION® OF ILLINOIS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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. 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 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, 2023</u>					
Assets					
Investments:					
Mutual Funds	\$ 5,797,711	\$ -	\$ -	\$ -	\$ 5,797,711
Cash	-	-	-	17,319	17,319
Total Investments	<u>5,797,711</u>	<u>-</u>	<u>-</u>	<u>17,319</u>	<u>5,815,030</u>
Investments Held for Long-Term Purposes:					
Mutual Funds	4,522,923	-	-	-	4,522,923
Cash	-	-	-	14,174	14,174
Total Investments	<u>4,522,923</u>	<u>-</u>	<u>-</u>	<u>14,174</u>	<u>4,537,097</u>
 Total Assets	 <u>\$ 10,320,634</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 31,493</u>	 <u>\$ 10,352,127</u>

MAKE-A-WISH FOUNDATION® OF ILLINOIS
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2022</u>					
Assets					
Investments:					
Mutual Funds	\$ 5,316,933	\$ -	\$ -	\$ -	\$ 5,316,933
Cash	-	-	-	32,194	32,194
Total Investments	<u>5,316,933</u>	<u>-</u>	<u>-</u>	<u>32,194</u>	<u>5,349,127</u>
Investments Held for Long-Term Purposes:					
Mutual Funds	4,209,298	-	-	-	4,209,298
Cash	-	-	-	19,586	19,586
Total Investments	<u>4,209,298</u>	<u>-</u>	<u>-</u>	<u>19,586</u>	<u>4,228,884</u>
Total Assets	<u>\$ 9,526,231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,780</u>	<u>\$ 9,578,011</u>

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from to 0.07% to 1.7% at August 31, 2023 and August 31, 2022. The following is a summary of the Foundation's contributions receivable at August 31:

	2023	2022
Total Amounts Due in:		
Within One Year	\$ 839,622	\$ 1,259,948
One to Five Years	75,000	291,833
Gross Contributions Receivable	<u>914,622</u>	<u>1,551,781</u>
Less: Allowance for Doubtful Accounts	(3,920)	(13,164)
Less: Discount to Present Value	(154)	(704)
Contributions Receivable, Net	<u>\$ 910,548</u>	<u>\$ 1,537,913</u>

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, 2023 and 2022, respectively, the Foundation received \$2,395,091 and \$2,017,564 from these national revenue streams.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amount totaling \$1,007,609 and \$986,210 were paid from the Foundation to the National Organization during the years ended August 31, 2023 and 2022, 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 \$10,800 and \$3,300, respectively, for the years ended August 31, 2023 and 2022, 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:

	<u>2023</u>	<u>2022</u>
Due from National Organization	\$ 352,088	\$ 176,659
Due from Other Chapters	22,239	9,731
Total Due from Related Entities	<u>\$ 374,327</u>	<u>\$ 186,390</u>
Due to National Organization	\$ 6,223	\$ 29,445
Due to Other Chapters	272,626	199,304
Total Due to Related Entities	<u>\$ 278,849</u>	<u>\$ 228,749</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, 2023 and 2022 the Foundation received contributions, both cash and in-kind, from Board members totaling \$327,648 and \$236,470, respectively. At August 31, 2023 and 2022, amounts due from Board members totaled \$100,000 and \$379,798, respectively, and are included in contributions receivable in the accompanying statements of financial position.

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NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2023	2022
Computer Equipment and Software	\$ 173,021	\$ 308,140
Office Furniture	235,925	200,794
Leasehold Improvements	14,489	14,489
Total	423,435	523,423
Less: Accumulated Depreciation and Amortization	(362,783)	(440,203)
Property and Equipment, Net	\$ 60,652	\$ 83,220

Depreciation and amortization expense totaled \$54,635 and \$41,794, respectively for the years ended August 31, 2023 and 2022. See Note 8 for depreciation expense relating to assets held under capital leases (for fiscal year 2022).

NOTE 8 LEASES

Lease Agreements - ASC 842

The Foundation leases certain office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2026.

The following tables provides quantitative information concerning the Foundation's leases:

Lease Cost:	
Operating Lease Cost	\$ 258,053
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	\$ 317,628
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 332,306
Weighted Average Remaining Lease Term - Operating Leases	0.6 Years
Weighted-Average Discount Rate - Operating Leases	3.58%

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NOTE 8 LEASES (CONTINUED)

Lease Agreements - ASC 842 (Continued)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of August 31, 2023, is as follows:

<u>Year Ending August 31,</u>	<u>Operating Leases</u>
2024	\$ 87,476
2025	7,200
2026	4,800
Total Lease Payments	<u>99,476</u>
Less: Imputed Interest	<u>1,214</u>
Present Value of Lease Liabilities	<u><u>\$ 98,262</u></u>

Lease Agreements – ASC 840

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through February 8, 2024. As of August 31, 2022, the cost of leased property and equipment under capital leases was \$35,131 and accumulated depreciation was \$31,071. Total rent expense for all operating leases for the year ended August 31, 2022 totaled \$370,963. Total depreciation expense for equipment under capital leases was \$4,430 for the year ended August 31, 2022.

NOTE 9 NET ASSETS

At August 31, 2023 and 2022, net assets without donor restrictions includes a board-designated fund of \$5,815,030 and \$5,349,127, respectively, that serves primarily as an operating reserve to support operating cash needs.

In addition, the Foundation received a substantial bequest during the year ended August 31, 2021, without any donor-imposed restriction. The board has designated \$2,400,000 of this bequest to fund wishes that have been delayed by the COVID-19 pandemic once these wishes can be granted.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 9 NET ASSETS (CONTINUED)

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

Net Assets With Donor Restrictions

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose:		
In-Kind - Unconditional Promise to Give	\$ 644,357	\$ 792,986
Grants and Other Restricted Cash	-	874,886
Total	<u>644,357</u>	<u>1,667,872</u>
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	266,164	744,927
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	559,591	451,379
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Wish Granting	3,477,507	3,277,507
Medical Outreach	500,000	500,000
Total Endowments	<u>4,537,098</u>	<u>4,228,886</u>
 Total Donor-Restricted Net Assets	 <u>\$ 5,447,619</u>	 <u>\$ 6,641,685</u>

NOTE 10 ENDOWMENTS

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

The Foundation's endowment consists of four individual funds 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 Illinois 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.

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NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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, 2023, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 3,977,507	\$ 3,977,507
Accumulated Investment Gains	-	559,591	559,591
Total Funds	<u>\$ -</u>	<u>\$ 4,537,098</u>	<u>\$ 4,537,098</u>

Endowment fund composition by type of fund as of August 31, 2022, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated Endowment Funds	\$ 100,000	\$ -	\$ 100,000
Donor-Restricted Endowment Funds	-	3,777,507	3,777,507
Accumulated Investment Gains	-	451,379	451,379
Total Funds	<u>\$ 100,000</u>	<u>\$ 4,228,886</u>	<u>\$ 4,328,886</u>

MAKE-A-WISH FOUNDATION® OF ILLINOIS
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NOTE 10 ENDOWMENTS (CONTINUED)

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

August 31, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ 100,000	\$ 4,228,886	\$ 4,328,886
Investment Return:			
Investment Income	-	126,891	126,891
Net Appreciation (Realized and Unrealized)	-	144,071	144,071
Total Investment Return	-	270,962	270,962
Contributions	-	100,000	100,000
Reclassification to Endowment Asset	(100,000)	100,000	-
Appropriation of Endowment Asset for Expenditure	-	(162,750)	(162,750)
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 4,537,098</u>	<u>\$ 4,537,098</u>
August 31, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ -	\$ 5,130,682	\$ 5,130,682
Investment Return:			
Investment Income	-	108,977	108,977
Net Depreciation (Realized and Unrealized)	-	(854,773)	(854,773)
Total Investment Return	-	(745,796)	(745,796)
Contributions	100,000	-	100,000
Appropriation of Endowment Asset for Expenditure	-	(156,000)	(156,000)
Endowment Funds - End of Year	<u>\$ 100,000</u>	<u>\$ 4,228,886</u>	<u>\$ 4,328,886</u>

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, 2023 and 2022.

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.

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NOTE 10 ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters (Continued)

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 7% 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 between 3% and 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. 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 7% 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.

NOTE 11 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code limitations. The Foundation matches employee contributions up to \$0.25 for every dollar contributed up to 6% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2023 and 2022 were \$37,777 and \$34,714, respectively.

NOTE 12 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash, cash equivalents, and investments. The Foundation places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the FDIC insurance coverage limit of \$250,000. From time to time throughout the year, the Foundation's cash balances may exceed the amount of the FDIC insurance coverage.

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NOTE 12 CONCENTRATIONS OF CREDIT RISK (CONTINUED)

Contributions totaling \$2,110,781 and \$1,401,970 were received from a single donor, respectively, for the years ended August 31, 2023 and 2022, which represents 14% and 10% 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.

NOTE 13 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the years ending August 31, 2023 and 2022, the Foundation granted 729 and 493 wishes, respectively. As of August 31, 2023 and 2022, there were approximately 1,520 and 1490 wish children, respectively, who are eligible for a wish. The average cost of a wish for the year ended August 31, 2023 was \$7,000 in cash and \$5,171 in in-kind for a total cost of \$12,171. The average cost of a wish for the year ended August 31, 2022 was \$6,308 in cash and \$4,594 in in-kind for a total cost of \$10,902.

NOTE 14 RISKS AND UNCERTAINTIES

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

As of September 15, 2021, in consultation with the NMAC, the pause on domestic travel to large gatherings was lifted, if travel occurred by automobile. The pause on airline travel was lifted December 1, 2021 with a graduated approach with full domestic travel resuming June of 2022. International and cruise wish travel is still paused as of August 31, 2023. Prior to fiscal year 2020, travel wishes have been approximately 83% of wishes granted and the number of granted wishes averaged approximately 713. The number of wishes granted during the years ended August 31, 2023 and 2022 was 729 and 493, respectively.

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

MAKE-A-WISH FOUNDATION® OF ILLINOIS
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$744,005 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 10, 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 \$744,005 on February 23, 2021.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$744,005 loan. The loan was received on February 8, 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 \$744,005 on February 11, 2022.

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

NOTE 16 EMPLOYEE RETENTION CREDIT

During the year ended August 31, 2022, the Foundation applied for and recorded an Employee Retention Credit (ERC) of \$599,019, respectively, part of federal COVID-19 relief for employers, on eligible employee wages for calendar year 2021 and 2020, respectively. This credit is included in Public Support Grants as a government grant, which is recognized when all conditions of such grants are fulfilled or there is reasonable assurance they will be fulfilled. The full credit plus interest was received during 2023.

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 17 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 12, 2023, the date at which the financial statements were available to be issued.



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