

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2022 AND 2021



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**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
TABLE OF CONTENTS
YEARS ENDED AUGUST 31, 2022 AND 2021**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Philadelphia, Delaware and Susquehanna Valley
Blue Bell, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Philadelphia, Delaware and Susquehanna Valley (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 Philadelphia, Delaware and Susquehanna Valley 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 Philadelphia, Delaware and Susquehanna Valley 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 Philadelphia, Delaware and Susquehanna Valley's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Opinion

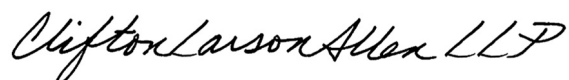
Auditors' Responsibilities for the Audit of the Financial Statements

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 Philadelphia, Delaware and Susquehanna Valley'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 Philadelphia, Delaware and Susquehanna Valley'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

Phoenix, Arizona
March 14, 2023

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2022 AND 2021**

ASSETS	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 941,332	\$ 1,017,322
Investments	3,719,586	2,492,954
Due from Related Entities	77,232	55,462
Prepaid Expenses	98,774	151,085
Contributions Receivable, Net	241,792	65,050
Other Assets	7,810	14,827
Split-Interest Agreements	3,077	4,247
Property and Equipment, Net	<u>117,329</u>	<u>155,274</u>
Total Assets	<u>\$ 5,206,932</u>	<u>\$ 3,956,221</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 513,741	\$ 331,169
Due to Related Entities	49,192	744
Deferred Revenue	7,472	-
Deferred Lease Incentive	73,860	99,929
Deferred Rent	45,225	53,513
Paycheck Protection Program	<u>-</u>	<u>304,000</u>
Total Liabilities	689,490	789,355
NET ASSETS		
Without Donor Restriction	4,275,437	3,118,032
With Donor Restriction	<u>242,005</u>	<u>48,834</u>
Total Net Assets	<u>4,517,442</u>	<u>3,166,866</u>
Total Liabilities and Net Assets	<u>\$ 5,206,932</u>	<u>\$ 3,956,221</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022**

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 3,972,593	\$ 47,982	\$ 4,020,575
Contributions, Donated Goods and Services	648,012	143,716	791,728
Grants	374,011	50,000	424,011
Total Public Support	<u>4,994,616</u>	<u>241,698</u>	<u>5,236,314</u>
Internal Special Events	864,553	-	864,553
Internal Special Events, Donated Goods and Services	50	-	50
Less: Costs of Direct Benefits to Donors	<u>(10,679)</u>	<u>-</u>	<u>(10,679)</u>
Total Internal Special Events	853,924	-	853,924
Investment Income, Net	(71,651)	-	(71,651)
Forgiveness of Paycheck Protection Program Loan	304,000	-	304,000
Other Income	3,365	-	3,365
Net Assets Released from Restrictions	<u>47,357</u>	<u>(47,357)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	6,131,611	194,341	6,325,952
EXPENSES			
Program Services:			
Wish Granting	<u>3,586,065</u>	<u>-</u>	<u>3,586,065</u>
Total Program Services	3,586,065	-	3,586,065
Support Services:			
Fundraising	500,475	-	500,475
Management and General	<u>877,864</u>	<u>-</u>	<u>877,864</u>
Total Support Services	<u>1,378,339</u>	<u>-</u>	<u>1,378,339</u>
Total Expenses	4,964,404	-	4,964,404
OTHER (GAINS) LOSSES			
Change in Split Interest Agreements	-	1,170	1,170
Cost of Goods Sold	8,533	-	8,533
Losses on Sale of Equipment	1,269	-	1,269
Total Other (Gains) Losses	<u>9,802</u>	<u>1,170</u>	<u>10,972</u>
CHANGE IN NET ASSETS	1,157,405	193,171	1,350,576
Net Assets - Beginning of Year	<u>3,118,032</u>	<u>48,834</u>	<u>3,166,866</u>
NET ASSETS - END OF YEAR	<u>\$ 4,275,437</u>	<u>\$ 242,005</u>	<u>\$ 4,517,442</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021**

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 2,647,410	\$ 2,357	\$ 2,649,767
Contributions, Donated Goods and Services	120,485	-	120,485
Grants	311,611	45,000	356,611
Total Public Support	<u>3,079,506</u>	<u>47,357</u>	<u>3,126,863</u>
Internal Special Events	645,255	-	645,255
Internal Special Events, Donated Goods and Services	7,203	-	7,203
Less: Costs of Direct Benefits to Donors	(8,480)	-	(8,480)
Total Internal Special Events	<u>643,978</u>	<u>-</u>	<u>643,978</u>
Investment Income, Net	13,194	-	13,194
Forgiveness of Paycheck Protection Program Loan	304,000	-	304,000
Other Income	350	-	350
Net Assets Released from Restrictions	<u>2,770</u>	<u>(2,770)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	4,043,798	44,587	4,088,385
EXPENSES			
Program Services:			
Wish Granting	<u>2,284,374</u>	<u>-</u>	<u>2,284,374</u>
Total Program Services	<u>2,284,374</u>	<u>-</u>	<u>2,284,374</u>
Support Services:			
Fundraising	526,704	-	526,704
Management and General	655,302	-	655,302
Total Support Services	<u>1,182,006</u>	<u>-</u>	<u>1,182,006</u>
Total Expenses	3,466,380	-	3,466,380
OTHER (GAINS) LOSSES			
Change in Split Interest Agreements	-	(971)	(971)
Total Other Gains	<u>-</u>	<u>(971)</u>	<u>(971)</u>
CHANGE IN NET ASSETS	577,418	45,558	622,976
Net Assets - Beginning of Year	<u>2,540,614</u>	<u>3,276</u>	<u>2,543,890</u>
NET ASSETS - END OF YEAR	<u>\$ 3,118,032</u>	<u>\$ 48,834</u>	<u>\$ 3,166,866</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
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	\$ 2,316,777	\$ -	\$ -	\$ -	\$ -	\$ 2,316,777
Salaries, Taxes, and Benefits	896,556	311,595	622,838	934,433	-	1,830,989
Printing, Subscriptions, and Publications	505	33,740	879	34,619	-	35,124
Professional Fees	172	40,184	106,288	146,472	-	146,644
Rent and Utilities	59,558	20,718	41,401	62,119	-	121,677
Postage and Delivery	6,400	3,442	1,234	4,676	-	11,076
Travel	780	8,466	3,269	11,735	-	12,515
Meetings and Conferences	230	15,098	4,703	19,801	-	20,031
Office Supplies	17,974	2,643	3,467	6,110	-	24,084
Communications	6,434	1,812	3,622	5,434	-	11,868
Advertising and Media (Cash)	-	150	-	150	-	150
Repairs and Maintenance	2,230	775	1,801	2,576	-	4,806
National Partnership Dues	247,013	44,600	51,461	96,061	-	343,074
Miscellaneous	6,372	8,548	19,498	28,046	-	34,418
Depreciation and Amortization	25,064	8,704	17,403	26,107	-	51,171
Special Event - Direct Donor Benefits	-	-	-	-	10,679	10,679
	<u>3,586,065</u>	<u>500,475</u>	<u>877,864</u>	<u>1,378,339</u>	<u>10,679</u>	<u>4,975,083</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(10,679)	(10,679)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,586,065</u>	<u>\$ 500,475</u>	<u>\$ 877,864</u>	<u>\$ 1,378,339</u>	<u>\$ -</u>	<u>\$ 4,964,404</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021**

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 1,137,866	\$ -	\$ -	\$ -	\$ -	\$ 1,137,866
Salaries, Taxes, and Benefits	780,020	405,326	458,971	864,297	-	1,644,317
Printing, Subscriptions, and Publications	3,536	9,210	1,704	10,914	-	14,450
Professional Fees	256	579	74,621	75,200	-	75,456
Rent and Utilities	52,781	27,197	30,919	58,116	-	110,897
Postage and Delivery	2,120	2,296	966	3,262	-	5,382
Travel	1,137	2,298	762	3,060	-	4,197
Meetings and Conferences	1,350	2,022	795	2,817	-	4,167
Office Supplies	2,021	1,156	1,020	2,176	-	4,197
Communications	6,216	3,207	3,637	6,844	-	13,060
Advertising and Media (Cash)	-	285	-	285	-	285
Repairs and Maintenance	2,500	1,295	1,469	2,764	-	5,264
National Partnership Dues	243,983	44,053	50,830	94,883	-	338,866
Miscellaneous	23,853	13,889	13,878	27,767	-	51,620
Depreciation and Amortization	26,735	13,891	15,730	29,621	-	56,356
Special Event - Direct Donor Benefits	-	-	-	-	8,480	-
Total Expenses by Function	<u>2,284,374</u>	<u>526,704</u>	<u>655,302</u>	<u>1,182,006</u>	<u>8,480</u>	<u>3,466,380</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(8,480)	-
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,284,374</u>	<u>\$ 526,704</u>	<u>\$ 655,302</u>	<u>\$ 1,182,006</u>	<u>\$ -</u>	<u>\$ 3,466,380</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,350,576	\$ 622,976
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	51,171	56,356
Net Realized and Unrealized Losses on Investments	93,800	6,050
Loss on Disposal of Property and Equipment	1,269	-
Change in Value of Split-Interest Agreements	1,170	(971)
Forgiveness of Paycheck Protection Program Loan	(304,000)	(304,000)
Contribution of Other Assets	9,085	(9,085)
Change in Discount to Present Value of Contributions Receivable	2,018	-
(Increase) Decrease in Assets:		
Contributions Receivable	(178,760)	24,034
Due from Related Entities	(21,770)	(6,401)
Prepaid Expenses	52,311	35,229
Other Assets	(2,068)	-
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	182,572	200,502
Due to Related Entities	48,448	(3,218)
Deferred Revenue	7,472	-
Deferred Lease Incentive	(26,069)	(26,074)
Deferred Rent	(8,288)	(9,007)
Net Cash Provided by Operating Activities	1,258,937	586,391
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,852,027)	(1,004,639)
Proceeds from Sales of Investments	531,595	236,200
Purchases of Property and Equipment	(14,495)	(7,862)
Net Cash Used by Investing Activities	(1,334,927)	(776,301)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program	-	304,000
Principal Payments on Notes Payable	-	(35,500)
Net Cash Provided by Financing Activities	-	268,500
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(75,990)	78,590
Cash and Cash Equivalents - Beginning of Year	1,017,322	938,732
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 941,332	\$ 1,017,322
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Contributed Other Assets	\$ -	\$ 9,085
Cash Paid for Interest	\$ -	\$ 3,240

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Cash and Cash Equivalents

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

Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in net assets without donor restrictions net assets 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 PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost greater than \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 5 to 10 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

Fair Value Measurements

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

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

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

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

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

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

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

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the net 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 \$11,000 and \$8,500 for the years ended August 31, 2022 and 2021, respectively. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met which is the occurrence of the event.

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.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

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

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2022</u>				
Wish Related	\$ 647,112	\$ -	\$ -	\$ 647,112
Other	9,085	900	-	9,985
Total	<u>\$ 656,197</u>	<u>\$ 900</u>	<u>\$ -</u>	657,097
Internal Special Events				50
Other Assets, Net Change				(9,085)
Contributions Receivable, Net Change				143,716
Total				<u>\$ 791,778</u>
<u>August 31, 2021</u>				
Wish Related	\$ 109,034	\$ -	\$ -	\$ 109,034
Other	1,124	582	660	2,366
Total	<u>\$ 110,158</u>	<u>\$ 582</u>	<u>\$ 660</u>	111,400
Internal Special Events				7,203
Other Assets, Net Change				9,085
Total				<u>\$ 127,688</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.

An internal special event is a fundraising event coordinated and staffed by Foundation personnel rather than a third-party support group or organization. It is designed to attract people for the purpose of raising mission awareness, for increasing funding from existing donors, and the cultivation of future donors. Internal special event in-kind amounts are donated items recorded at fair value that are used in facilitating the event. Examples of such donated items are generally food, beverage, facility costs, and auction items. The Foundation estimates the fair value of these donated items based on the current market rates for similar items in the Foundation's market. The Foundation receives auction items to be sold at its special events. Contributed auction items are valued at the gross selling price received and the value is included in internal special event revenue on the statement of activities. The amount of auction items received and sold during the years ended August 31, 2022 and 2021 totaled \$10,702 and \$8,351, respectively.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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 Pennsylvania income taxes under the provisions of Internal Revenue Code Section 501(c)(3). However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2022 and 2021. The Foundation files income tax returns in the U.S. federal jurisdiction, and applicable state jurisdictions.

Functional Expenses

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

Wish Granting

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

Fundraising

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

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.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Reclassification

In preparing these financial statements, the prior year presentation has been reclassified to conform with the current year presentation. These reclassifications have no effect on the previously recorded net assets.

Deferred Lease Incentive

This represents the unamortized portion of leasehold improvements that were contributed to the Foundation by its landlord during the year ending August 31, 2019. The corresponding leasehold improvement assets are recorded in property and equipment on the accompanying statement of financial position. The unamortized deferred lease incentive was \$73,860 and \$99,929, respectively at August 31, 2022 and 2021.

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 \$45,225 and \$53,513, respectively at August 31, 2022 and 2021.

Management Estimates

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

Adoption of Accounting Pronouncement

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

Accounting Pronouncement Not Yet Effective

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

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

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.

Total Financial Assets	<u>2022</u> \$ 4,979,942	<u>2021</u> \$ 3,630,788
Donor Imposed Restrictions:		
Restricted Funds	<u>(238,928)</u>	<u>(44,587)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 4,741,014</u>	<u>\$ 3,586,201</u>

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

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Overall Investment Objective

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

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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:

<u>August 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Assets Not Held at Fair Value</u>	<u>Total</u>
Investments:					
Mutual Funds	\$ 2,586,667	\$ -	\$ -	\$ -	\$ 2,586,667
Certificates of Deposit	-	1,131,493	-	-	1,131,493
Cash	-	-	-	1,426	1,426
Total Investments	<u>2,586,667</u>	<u>1,131,493</u>	<u>-</u>	<u>1,426</u>	<u>3,719,586</u>
Split-Interest Agreements	-	-	3,077	-	3,077
Total Assets	<u>\$ 2,586,667</u>	<u>\$ 1,131,493</u>	<u>\$ 3,077</u>	<u>\$ 1,426</u>	<u>\$ 3,722,663</u>
<u>August 31, 2021</u>					
Assets					
Investments:					
Mutual Funds	\$ 1,647,229	\$ -	\$ -	\$ -	\$ 1,647,229
Certificates of Deposit	-	98,160	-	-	98,160
Cash	-	-	-	747,565	747,565
Total Investments	<u>1,647,229</u>	<u>98,160</u>	<u>-</u>	<u>747,565</u>	<u>2,492,954</u>
Split-Interest Agreements	-	-	4,247	-	4,247
Total Assets	<u>\$ 1,647,229</u>	<u>\$ 98,160</u>	<u>\$ 4,247</u>	<u>\$ 747,565</u>	<u>\$ 2,497,201</u>

NOTE 5 CONTRIBUTIONS RECEIVABLE

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

	<u>2022</u>	<u>2021</u>
Total Amounts Due in:		
Within One Year	\$ 208,810	\$ 65,050
One to Five Years	35,000	-
Gross Contributions Receivable	<u>243,810</u>	<u>65,050</u>
Less Discount to Present Value	(2,018)	-
Contributions Receivable, Net	<u>\$ 241,792</u>	<u>\$ 65,050</u>

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

NOTE 6 SPLIT-INTEREST AGREEMENTS

Charitable Gift Annuities

Donors have contributed assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the terms of such agreements, no trust exists, as the assets received are held by and the liability is an obligation of the Foundation. The Foundation records contribution revenue using the fair value of the assets less the present value of the payments expected to be made to the beneficiaries. The present value of payments to beneficiaries under these arrangements is calculated using present value techniques. The discount rate used for the years ended August 31, 2022 and 2021 was 4.40%.

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, and other miscellaneous revenues. During the years ended August 31, 2022 and 2021, respectively, the Foundation received \$1,340,291 and \$1,155,032 from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organizations pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$433,188 and \$348,195 were paid from the Foundation to the National Organization during the years ended August 31, 2022 and 2021, respectively.

Chapters who assist with the organization and granting of wishes from other chapters are paid a “fee for service” called the wish assist fee. Under this program, the originating chapter agrees to pay a fee to the chapter of the wish destination to assist with any planning, booking, and facilitating of the wish for the home chapter. Under this program, the Foundation received \$2,850 and \$350, respectively, for the years ended August 31, 2022 and 2021, which is recorded in the accompanying statements of activities as other income.

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

	2022	2021
Due from National Organization	\$ 60,808	\$ 55,394
Due from Other Chapters	16,424	68
Total Due from Related Entities	<u>\$ 77,232</u>	<u>\$ 55,462</u>
Due to National Organization	\$ 773	\$ 744
Due to Other Chapters	48,419	-
Total Due to Related Entities	<u>\$ 49,192</u>	<u>\$ 744</u>

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

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, both cash and in-kind, from board members totaling \$179,038 and \$85,692, respectively. At August 31, 2022 and 2021, amounts due from board members totaled \$10,000 and \$2,357, respectively, and are included in contributions receivable in the accompanying statements of financial position.

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	\$ 38,034	\$ 93,238
Property and Equipment	105,581	137,115
Leasehold Improvements	193,009	160,755
Total	<u>336,624</u>	<u>391,108</u>
Less: Accumulated Depreciation and Amortization	<u>(219,295)</u>	<u>(235,834)</u>
Property and Equipment, Net	<u><u>\$ 117,329</u></u>	<u><u>\$ 155,274</u></u>

Depreciation and amortization expense totaled \$51,171 and \$56,356, respectively, for the years ended August 31, 2022 and 2021.

NOTE 9 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through July 2025. Total rent expense for all operating leases for the years ended August 31, 2022 and 2021 totaled \$126,483 and \$108,142, respectively.

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

<u>Year Ending August 31,</u>	<u>Amount</u>
2023	\$ 139,876
2024	143,240
2025	134,199
Total	<u><u>\$ 417,315</u></u>

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

NOTE 10 NET ASSETS

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	\$ 188,716	\$ 42,230
Subject to the Passage of Time:		
Beneficial Interests in Charitable Trusts Held by Others	3,077	4,247
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	<u>50,212</u>	<u>2,357</u>
Total Net Assets with Donor Restrictions	<u>\$ 242,005</u>	<u>\$ 48,834</u>

NOTE 11 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of 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 4% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2022 and 2021 were \$23,382 and \$24,728, respectively.

NOTE 12 CONCENTRATIONS OF CREDIT RISK

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

NOTE 13 LITIGATION AND CLAIMS

The Foundation is periodically involved in litigation and claims arising in the ordinary course of business. In the opinion of management, 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.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

NOTE 14 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal years ending August 31, 2022 and 2021, the Foundation granted 277 and 213 wishes, respectively. As of August 31, 2022 and 2021, respectively, there were approximately 355 and 420 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2022 was \$5,653 in cash and \$1,898 in in-kind for a total cost of \$7,551. The average cost of a wish for the year ended August 31, 2021 was \$4,230 in cash and \$433 in in-kind for total cost of \$4,663.

NOTE 15 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 82% of wishes granted and the number of granted travel wishes averaged approximately 276. The number of wishes granted during the years ended August 31, 2022 and 2021 was 277 and 213, respectively.

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

NOTE 16 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$304,000 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 27, 2020. The loan accrued interest at 1%, but payments were 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 was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and was fully guaranteed by the Federal government. The Foundation received forgiveness of \$304,000 on December 23, 2020.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,
DELAWARE AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021**

NOTE 16 PAYCHECK PROTECTION PROGRAM (CONTINUED)

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$304,000 loan. The loan was received on January 19, 2021. The loan accrued interest at 1%, with the first 10 months of interest deferred, had a term of five years and was unsecured and guaranteed by the Small Business Administration. The Foundation was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation received forgiveness of \$304,000 on October 19, 2021.

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

NOTE 17 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through March 14, 2023, the date at which the financial statements were available to be issued.



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