

**MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS
AND RHODE ISLAND, INC.**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Massachusetts and Rhode Island, Inc.
Boston, Massachusetts

Report on the Audit of the Financial Statements

Opinion

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Make-A-Wish Foundation® of Massachusetts and Rhode Island, Inc.'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 Massachusetts and Rhode Island, Inc.'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

Boston, Massachusetts
February 2, 2024

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 1,267,512	\$ 2,833,386
Investments	12,839,851	13,422,935
Due from Related Entities	176,500	102,681
Prepaid Expenses and Other Assets	199,669	142,857
Contributions Receivable, Net	562,193	626,490
Investments Held for Long-Term Purposes	114,069	105,004
Right-of-Use Assets - Operating	2,225,345	-
Property and Equipment, Net	619,049	625,189
Total Assets	\$ 18,004,188	\$ 17,858,542
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 451,872	\$ 471,046
Due to Related Entities	167,466	73,907
Deferred Rent	-	154,066
Other Liabilities	203,545	123,000
Lease Liability - Operating	2,382,904	-
Total Liabilities	3,205,787	822,019
NET ASSETS		
Without Donor Restrictions:		
Operating	5,809,838	8,376,581
Board-Designated	8,040,158	7,699,145
Total Net Assets Without Donor Restrictions	13,849,996	16,075,726
With Donor Restrictions	948,405	960,797
Total Net Assets	14,798,401	17,036,523
Total Liabilities and Net Assets	\$ 18,004,188	\$ 17,858,542

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 3,372,626	\$ 62,784	\$ 3,435,410
Contributions, Donated Goods and Services	2,169,307	432,898	2,602,205
Grants	11,925	-	11,925
Total Public Support	5,553,858	495,682	6,049,540
Internal Special Events	2,434,560	-	2,434,560
Internal Special Events, Donated Goods and Services	60,547	27,420	87,967
Less: Costs of Direct Benefits to Donors	(880,209)	-	(880,209)
Total Internal Special Events	1,614,898	27,420	1,642,318
Appropriation of Nonoperating Assets for Operations	497,000	-	497,000
Other Income	20,177	-	20,177
Net Assets Released from Restrictions	545,229	(545,229)	-
Total Operating Revenues, Gains, and Other Support	8,231,162	(22,127)	8,209,035
EXPENSES			
Program Services:			
Wish Granting	8,036,284	-	8,036,284
Total Program Services	8,036,284	-	8,036,284
Support Services:			
Fundraising	1,090,673	-	1,090,673
Management and General	1,845,020	-	1,845,020
Total Support Services	2,935,693	-	2,935,693
Total Program and Support Services Expense	10,971,977	-	10,971,977
CHANGE IN NET ASSETS FROM OPERATIONS	(2,740,815)	(22,127)	(2,762,942)
NONOPERATING ACTIVITIES			
Interest Income and Investment Gains, Net	994,029	22,121	1,016,150
Contributions for Long-Term Purposes	5,000	670	5,670
Appropriation of Endowment Assets for Operations	(483,944)	(13,056)	(497,000)
Change in Net Assets from Nonoperating Activities	515,085	9,735	524,820
CHANGE IN NET ASSETS	(2,225,730)	(12,392)	(2,238,122)
Net Assets - Beginning of Year	16,075,726	960,797	17,036,523
NET ASSETS - END OF YEAR	\$ 13,849,996	\$ 948,405	\$ 14,798,401

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 4,856,322	\$ 24,786	\$ 4,881,108
Contributions, Donated Goods and Services	1,259,263	443,302	1,702,565
Grants	25,500		25,500
Total Public Support	6,141,085	468,088	6,609,173
Internal Special Events	1,885,310	-	1,885,310
Internal Special Events, Donated Goods and Services	3,600	3,360	6,960
Less: Costs of Direct Benefits to Donors	(616,100)	-	(616,100)
Total Internal Special Events	1,272,810	3,360	1,276,170
Appropriation of Nonoperating Assets for Operations	471,000	-	471,000
Forgiveness of Paycheck Protection Program Loan	499,300	-	499,300
Other Income	22,854	-	22,854
Net Assets Released from Restrictions	629,363	(629,363)	-
Total Operating Revenues, Gains, and Other Support	9,036,412	(157,915)	8,878,497
EXPENSES			
Program Services:			
Wish Granting	5,455,452	-	5,455,452
Total Program Services	5,455,452	-	5,455,452
Support Services:			
Fundraising	1,022,357	-	1,022,357
Management and General	1,574,148	-	1,574,148
Total Support Services	2,596,505	-	2,596,505
Total Program and Support Services Expense	8,051,957	-	8,051,957
CHANGE IN NET ASSETS FROM OPERATIONS	984,455	(157,915)	826,540
NONOPERATING ACTIVITIES			
Interest Income and Investment Gains, Net	(1,733,958)	(14,338)	(1,748,296)
Contributions for Long-Term Purposes	100,500	700	101,200
Appropriation of Endowment Assets for Operations	(463,902)	(7,098)	(471,000)
Change in Net Assets from Nonoperating Activities	(2,097,360)	(20,736)	(2,118,096)
CHANGE IN NET ASSETS	(1,112,905)	(178,651)	(1,291,556)
Net Assets - Beginning of Year	17,188,631	1,139,448	18,328,079
NET ASSETS - END OF YEAR	\$ 16,075,726	\$ 960,797	\$ 17,036,523

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
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	\$ 5,577,348	\$ -	\$ -	\$ -	\$ -	5,577,348
Salaries, Taxes, and Benefits	1,534,475	586,870	1,293,481	1,880,351	-	3,414,826
Printing, Subscriptions, and Publications	5,808	23,283	45,981	69,264	-	75,072
Professional Fees	47,016	29,663	78,864	108,527	-	155,543
Advertising	2,302	12,118	1,434	13,552	-	15,854
Rent and Utilities	222,100	108,582	162,873	271,455	-	493,555
Postage and Delivery	4,789	8,199	3,197	11,396	-	16,185
Travel	1,159	3,013	18,220	21,233	-	22,392
Meetings and Conferences	1,308	147,304	40,700	188,004	-	189,312
Office Supplies	17,553	7,185	11,971	19,156	-	36,709
Communications	11,913	5,824	8,736	14,560	-	26,473
Repairs and Maintenance	7,754	5,936	5,213	11,149	-	18,903
National Partnership Dues	450,585	102,991	90,117	193,108	-	643,693
Merchant Fees	17,536	8,573	12,859	21,432	-	38,968
Information Technology	10,429	5,099	12,273	17,372	-	27,801
Relocation	458	224	8,541	8,765	-	9,223
Miscellaneous	67,923	8,479	9,586	18,065	-	85,988
Depreciation and Amortization	55,828	27,330	40,974	68,304	-	124,132
Special Event Expense	-	-	-	-	880,209	880,209
Total	8,036,284	1,090,673	1,845,020	2,935,693	880,209	11,852,186
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(880,209)	(880,209)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 8,036,284	\$ 1,090,673	\$ 1,845,020	\$ 2,935,693	\$ -	\$ 10,971,977

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2022

	Program Services		Support Services		Direct Donor Benefit	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 3,307,846	\$ -	\$ -	\$ -	\$ -	\$ 3,307,846
Salaries, Taxes, and Benefits	1,367,359	601,827	1,162,820	1,764,647	-	3,132,006
Printing, Subscriptions, and Publications	1,841	20,317	1,384	21,701	-	23,542
Professional Fees	41,029	23,116	54,307	77,423	-	118,452
Advertising	9,013	8,338	3,446	11,784	-	20,797
Rent and Utilities	200,589	114,798	162,518	277,316	-	477,905
Postage and Delivery	6,070	14,398	2,916	17,314	-	23,384
Travel	268	861	5,030	5,891	-	6,159
Meetings and Conferences	2,853	108,330	18,593	126,923	-	129,776
Office Supplies	11,708	4,997	11,231	16,228	-	27,936
Communications	11,160	6,377	9,034	15,411	-	26,571
Repairs and Maintenance	10,435	7,923	7,963	15,886	-	26,321
National Partnership Dues	366,129	59,372	69,268	128,640	-	494,769
Miscellaneous	76,725	27,459	31,292	58,751	-	135,476
Depreciation and Amortization	42,427	24,244	34,346	58,590	-	101,017
Special Event Expenses	-	-	-	-	616,100	616,100
Total	5,455,452	1,022,357	1,574,148	2,596,505	616,100	8,668,057
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(616,100)	(616,100)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 5,455,452	\$ 1,022,357	\$ 1,574,148	\$ 2,596,505	\$ -	\$ 8,051,957

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (2,238,122)	\$ (1,291,556)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Depreciation and Amortization	124,132	101,017
Forgiveness of Paycheck Protection Program Loan	-	(499,300)
Net Realized and Unrealized (Gain) Loss on Investments	(1,007,070)	1,707,472
Contributed Property and Equipment, Inventory and Investments	(145,412)	(207,902)
Change in Discount to Present Value of Contributions Receivable	(743)	(1,799)
Change in Operating Right-of-Use Assets and Lease Liabilities	157,559	-
(Increase) Decrease in Assets:		
Contributions Receivable	65,040	123,624
Due from Related Entities	(73,819)	(19,615)
Prepaid Expenses and Other Assets	(29,392)	163,081
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(19,174)	127,997
Due to Related Entities	93,559	61,789
Deferred Rent	(154,066)	6,112
Other Liabilities	80,545	3,529
Net Cash (Used) Provided by Operating Activities	(3,146,963)	274,449
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	-	(100,000)
Proceeds from Sales of Investments	1,581,089	40,824
Purchases of Property and Equipment	-	(39,606)
Net Cash Provided (Used) by Investing Activities	1,581,089	(98,782)
 NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,565,874)	175,667
 Cash and Cash Equivalents - Beginning of Year	2,833,386	2,657,719
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,267,512	\$ 2,833,386
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Contributed Property and Equipment, Inventory, and Investments	\$ 145,412	\$ 207,902
 Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 2,585,236	\$ -

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Massachusetts and Rhode Island, Inc. (the Foundation) is a Massachusetts 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 (the 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 (CONTINUED)

Basis of Presentation

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

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

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

Contributions Receivable

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

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
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 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. 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. 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.

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.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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.

The Foundation utilizes the net asset value (NAV per share or its equivalent for valuing certain investments in funds that do not have readily determinable fair values. NAV, in many instances, may not equal fair value.

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, net assets for a board-designated endowment.

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 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.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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.

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 \$880,209 and \$616,100 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 \$563,765 and \$278,230, respectively.

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. For the years ended August 31, 2023 and 2022, there were no conditional promises outstanding.

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

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions: Donated Goods and Services

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

	2023	2022
Wish Related Travel, Goods, and Services	\$ 2,317,287	\$ 1,463,617
Professional Services	76,598	79,683
Property and Equipment	135,473	130,597
Special Events	27,070	(17,170)
Other	74,251	49,198
Total Contributed Nonfinancial Assets and Services	\$ 2,630,679	\$ 1,705,925

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.

Professional services relate to donated legal services used for support services and are valued and reported at the estimated fair value based on current rates for similar services. Professional services are used in 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.

Property and Equipment items donated consist of office furniture and cubicles and were valued using the fair value of these items based on current market rates for similar items in the Foundation's market.

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.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a nonprofit organization exempt from federal income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and state income taxes of the Massachusetts Department of Revenue Taxation Code and state of Rhode Island Division of Taxation. 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.

Functional Expenses

The Foundation performs four functions: wish granting, program-related support, fundraising, and management and general. Definitions of these functions are as follows:

Wish Granting

Activities performed by the Foundation that grant wishes to children with critical illnesses.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2023 and 2022, the Foundation incurred joint costs for activities that include fundraising appeals (primarily direct mail campaigns and newsletters), which have been allocated as follows:

	2023	2022
Fundraising	\$ 1,965	\$ 10,585
Wish Granting	1,965	10,585
Total	\$ 3,930	\$ 21,170

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.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$154,066 at August 31, 2022.

Management Estimates

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

Reclassifications

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

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.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 LIQUIDITY AND AVAILABILITY

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

	2023	2022
Total Financial Assets	\$ 17,185,470	\$ 17,090,496
Donor-Imposed Restrictions:		
Restricted Funds	(832,966)	(855,093)
Endowments	(115,439)	(105,704)
Net Financial Assets after Donor-Imposed Restrictions	16,237,065	16,129,699
Internal Designations:		
Board-Designated Endowments	(8,040,158)	(7,699,145)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 8,196,907	\$ 8,430,554

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

Board-designated endowment of \$8,040,158 and \$7,699,145, respectively, at August 31, 2023 and 2022 is subject to an annual spending rate of 4% to 6% as described in Note 10. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation), these amounts could be made available if necessary.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

The fair values of the financial instruments shown in the following table as of August 31, 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.

The Foundation uses NAV per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

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 investment 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, except those measured at cost or by NAV per share as a practical expedient, at August 31:

August 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Assets Not Held at Fair Value</u>	<u>Total</u>
Assets					
Investments:					
Alternative Investments	\$ -	\$ -	\$ -	\$ 12,953,920	12,953,920
Total Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,953,920</u>	<u>\$ 12,953,920</u>

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

August 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Assets Not Held at Fair Value</u>	<u>Total</u>
Assets					
Investments:					
Equity Securities	\$ 80,774	\$ -	\$ -	\$ -	\$ 80,774
Cash	-	-	-	315	315
Alternative Investments	-	-	-	13,446,850	13,446,850
Total Investments	<u>\$ 80,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,447,165</u>	<u>\$ 13,527,939</u>

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at August 31:

	<u>2023</u>			
<u>Investment Strategy</u>	<u>NAV in Funds</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Fidelity Legacy LP	\$ 12,953,920	\$ -	Daily	15
Total	<u>\$ 12,953,920</u>	<u>\$ -</u>		

	<u>2022</u>			
<u>Investment Strategy</u>	<u>NAV in Funds</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
FIAM Total Endowment Fund, LP	\$ 13,446,850	\$ -	Daily	15
Total	<u>\$ 13,446,850</u>	<u>\$ -</u>		

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from 5.75% to 6.00% for both years ended August 31, 2023 and 2022. The following is a summary of the Foundation's contributions receivable at August 31:

	<u>2023</u>	<u>2022</u>
Total Amounts Due in:		
Within One Year	\$ 513,249	\$ 578,289
One to Five Years	50,000	50,000
Gross Contributions Receivable	563,249	628,289
Less: Discount to Present Value	(1,056)	(1,799)
Contributions Receivable, Net	<u>\$ 562,193</u>	<u>\$ 626,490</u>

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

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 \$1,089,124 and \$1,219,450 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 Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$643,693 and \$494,769 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 \$4,650 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:

	2023	2022
Due from National Organization	\$ 147,601	\$ 94,620
Due from Other Chapters	28,899	8,061
Total Due from Related Entities	<u>\$ 176,500</u>	<u>\$ 102,681</u>
Due to National Organization	\$ 6,148	\$ 3,395
Due to Other Chapters	161,318	70,512
Total Due to Related Entities	<u>\$ 167,466</u>	<u>\$ 73,907</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 and their affiliated organizations totaling \$793,643 and \$570,110, respectively. There were no amounts due from board members and their affiliated organizations for both years ended August 31, 2023 and 2022 in contributions receivable in the accompanying statements of financial position.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2023	2022
Computer and Software	\$ 97,257	\$ 114,091
Furniture	1,038,460	932,244
Leasehold Improvements	10,350	10,350
Subtotal	1,146,067	1,056,685
Less: Accumulated Depreciation and Amortization	(527,018)	(431,496)
Property and Equipment, Net	\$ 619,049	\$ 625,189

Depreciation and amortization expense totaled \$124,132 and \$101,017, respectively, for the years ended August 31, 2023 and 2022.

NOTE 8 LEASES

Lease Agreements - ASC 842

The Foundation has currently identified nine operating leases. Office leases (3), postage meter leases (3), a copier lease, and a coffee machine lease for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2029.

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

Total Operating Lease Cost	2023
	\$ 444,443
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities	
Operating Cash Flows from Operating Leases	440,950
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	2,585,236
Weighted Average Remaining Lease Term - Operating Leases	5.3 Years
Weighted-Average Discount Rate - Operating Leases	3.39%

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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	\$ 472,148
2025	482,839
2026	484,157
2027	479,811
2028	444,742
Thereafter	<u>250,383</u>
Total Lease Payments	2,614,080
Less: Imputed Interest	<u>(231,176)</u>
Present Value of Lease Liabilities	<u>\$ 2,382,904</u>

Lease Agreements - ASC 840

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through February 28, 2029. Total rent expense for all operating leases for the years ended August 31, 2022 totaled \$456,341.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 NET ASSETS

Net Assets Without Donor Restrictions

Board-designated net assets are for a board-designated endowment as of August 31, 2023 and 2022 and total \$8,040,158 and \$7,699,145, respectively.

Net Assets With Donor Restrictions

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

	2023	2022
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 672,641	\$ 667,946
Future Events	31,030	3,959
Endowment Earnings Subject to Appropriations	15,625	6,560
Total	719,296	678,465
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	129,295	183,188
Endowments:		
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:	99,814	99,144
Total	99,814	99,144
Total Donor-Restricted Net Assets	\$ 948,405	\$ 960,797

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 several 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.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

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

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

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 8,040,158	\$ -	\$ 8,040,158
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	99,814	99,814
Accumulated Investment Gains	-	15,625	15,625
Total Funds	<u>\$ 8,040,158</u>	<u>\$ 115,439</u>	<u>\$ 8,155,597</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 7,699,145	\$ -	\$ 7,699,145
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	99,144	99,144
Accumulated Investment Gains	-	6,560	6,560
Total Funds	<u>\$ 7,699,145</u>	<u>\$ 105,704</u>	<u>\$ 7,804,849</u>

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ 7,699,145	\$ 105,704	\$ 7,804,849
Investment Return:			
Investment Fees	-	-	-
Net Appreciation	819,957	22,121	842,078
Total Investment Return	819,957	22,121	842,078
Contributions	5,000	670	5,670
Appropriation of Endowment Assets for Expenditure	(483,944)	(13,056)	(497,000)
Endowment Funds - End of Year	<u>\$ 8,040,158</u>	<u>\$ 115,439</u>	<u>\$ 8,155,597</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ 8,873,261	\$ 126,440	\$ 8,999,701
Investment Return:			
Investment Fees	(23,973)	(367)	(24,340)
Net Depreciation	(786,741)	(13,971)	(800,712)
Total Investment Return	(810,714)	(14,338)	(825,052)
Contributions	100,500	700	101,200
Appropriation of Endowment Assets for Expenditure	(463,902)	(7,098)	(471,000)
Endowment Funds - End of Year	<u>\$ 7,699,145</u>	<u>\$ 105,704</u>	<u>\$ 7,804,849</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.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 10 ENDOWMENTS (CONTINUED)

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. 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 exceed an average rate of return of approximately 4% 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 within a range of 4% to 6% of its endowment fund's average fair value over the prior three years 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 rate greater than 4% annually, prior to the 4% to 6% appropriation for distribution previously noted. 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 as of their date of hire. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. Eligible employees who have been employed with the Foundation for one year or more are eligible to receive an employer contribution to their 403(b) account. As of August 31, 2023 and 2022, the Foundation contributes up to 5% of the employee's salary, per board discretion. Foundation contributions to the Plan for the years ended August 31, 2023 and 2022 were \$111,320 and \$99,297, respectively.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
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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.

Contributions totaling \$1,425,248 were received from a donor for the year ended August 31, 2023, which represents 17% of raised revenue and consists of total public support and gross internal special event revenue. Contributions totaling \$1,722,275 were received from two donors for the year ended August 31, 2022, which represents 20% of raised revenue. Should these contribution levels decrease, the Foundation may be adversely affected.

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.

NOTE 14 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal years ended August 31, 2023 and 2022, the Foundation granted 403 and 311 wishes, respectively. As of August 31, 2023 and 2022, respectively, there were approximately 640 and 600 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2023 was \$7,839 in cash and \$5,426 in in-kind for a total cost of \$13,265. The average cost of a wish for the year ended August 31, 2022 was \$7,110 in cash and \$3,448 in in-kind for a total cost of \$10,558.

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.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 15 RISKS AND UNCERTAINTIES (CONTINUED)

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 72% of wishes granted and the number of granted wishes averaged approximately 347. The number of wishes granted during the years ended August 31, 2023 and 2022 was 403 and 311, 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 \$438,900 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (SBA). The loan was received on April 20, 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 \$438,900 on January 12, 2021.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$499,300 loan. The loan was received on March 19, 2021. The loan accrues interest at 1%, with the first 10 months of interest deferred, has a term of five years and is unsecured and guaranteed by the SBA. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation received forgiveness of \$499,300 on October 29, 2021.

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

NOTE 17 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through February 2, 2024, the date at which the financial statements were available to be issued.



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