

**MAKE-A-WISH FOUNDATION® OF  
NEW JERSEY, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2023 AND 2022**



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**MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.  
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YEARS ENDED AUGUST 31, 2023 AND 2022**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of New Jersey, Inc.  
Monroe Township, New Jersey

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

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

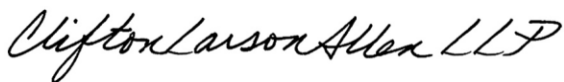
***Auditors' Responsibilities for the Audit of the Financial Statements***

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 New Jersey, 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 New Jersey, 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**

King of Prussia, Pennsylvania  
February 2, 2024

**MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,752,874	\$ 3,377,355
Investments	7,340,441	6,807,552
Due from Related Entities	413,693	250,077
Prepaid Expenses	66,755	116,476
Contributions Receivable, Net	1,356,559	1,181,306
Other Assets	13,532	57,411
Split-Interest Agreements	634,807	575,036
Investments Held for Long-Term Purposes	2,535,240	2,365,933
Right-of-Use Assets - Operating	18,753	-
Property and Equipment, Net	6,759,540	6,559,977
Total Assets	\$ 20,892,194	\$ 21,291,123
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 811,054	\$ 480,918
Due to Related Entities	250,084	109,023
Lease Liability - Operating	18,753	-
Total Liabilities	1,079,891	589,941
<b>NET ASSETS</b>		
Without Donor Restrictions	15,713,910	16,901,506
With Donor Restrictions	4,098,393	3,799,676
Total Net Assets	19,812,303	20,701,182
Total Liabilities and Net Assets	\$ 20,892,194	\$ 21,291,123

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Cash	\$ 5,582,390	\$ -	\$ 5,582,390
Contributions, Donated Goods and Services	3,175,833	348,943	3,524,776
Grants	302,845	-	302,845
Total Public Support	9,061,068	348,943	9,410,011
Internal Special Events	151,235	-	151,235
Internal Special Events, Donated Goods and Services	41,562	-	41,562
Less Costs of Direct Benefits to Donors	(63,030)	-	(63,030)
Total Internal Special Events	129,767	-	129,767
Investment Income, Net	557,346	174,785	732,131
Other Income	49,763	-	49,763
Net Assets Released from Restrictions	244,943	(244,943)	-
Total Revenues, Gains, and Other Support	10,042,887	278,785	10,321,672
<b>EXPENSES</b>			
Program Services:			
Wish Granting	8,525,115	-	8,525,115
Total Program Services	8,525,115	-	8,525,115
Support Services:			
Fundraising	1,708,090	-	1,708,090
Management and General	997,278	-	997,278
Total Support Services	2,705,368	-	2,705,368
Total Expenses	11,230,483	-	11,230,483
<b>OTHER GAINS</b>			
Change in Split-Interest Agreements	-	19,932	19,932
Total Other Gains	-	19,932	19,932
<b>CHANGE IN NET ASSETS</b>	(1,187,596)	298,717	(888,879)
Net Assets - Beginning of Year	16,901,506	3,799,676	20,701,182
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 15,713,910</b>	<b>\$ 4,098,393</b>	<b>\$ 19,812,303</b>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Cash	\$ 6,274,043	\$ 11,227	\$ 6,285,270
Contributions, Donated Goods and Services	1,083,539	132,472	1,216,011
Grants	588,024	-	588,024
Total Public Support	7,945,606	143,699	8,089,305
Internal Special Events, Cash	10,600	-	10,600
Investment Loss, Net	(941,476)	(364,920)	(1,306,396)
Forgiveness of Paycheck Protection Program Loan	498,500	-	498,500
Other Income	10,557	-	10,557
Net Assets Released from Restrictions	219,785	(219,785)	-
Total Revenues, Gains, and Other Support	7,743,572	(441,006)	7,302,566
<b>EXPENSES</b>			
Program Services:			
Wish Granting	6,031,470	-	6,031,470
Total Program Services	6,031,470	-	6,031,470
Support Services:			
Fundraising	1,217,241	-	1,217,241
Management and General	844,343	-	844,343
Total Support Services	2,061,584	-	2,061,584
Total Expenses	8,093,054	-	8,093,054
<b>OTHER LOSSES</b>			
Change in Split-Interest Agreements	-	(206,011)	(206,011)
Total Other Losses	-	(206,011)	(206,011)
<b>CHANGE IN NET ASSETS</b>			
	(349,482)	(647,017)	(996,499)
Net Assets - Beginning of Year	17,250,988	4,446,693	21,697,681
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 16,901,506</b>	<b>\$ 3,799,676</b>	<b>\$ 20,701,182</b>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW JERSEY, 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	\$ 6,043,199	\$ -	\$ -	\$ -	\$ -	\$ 6,043,199
Salaries, Taxes, and Benefits	1,430,346	739,132	745,094	1,484,226	-	2,914,572
Printing, Subscriptions, and Publications	18,585	89,478	4,126	93,604	-	112,189
Professional Fees	2,269	17,954	39,478	57,432	-	59,701
Occupancy	125,606	35,207	22,193	57,400	-	183,006
Postage and Delivery	26,366	10,664	2,309	12,973	-	39,339
Travel	17,980	31,308	7,634	38,942	-	56,922
Meetings and Conferences	51,323	275,904	3,475	279,379	-	330,702
Office Supplies	88,782	78,813	12,205	91,018	-	179,800
Communications	15,904	8,188	8,661	16,849	-	32,753
Advertising and Media (Cash)	865	10,938	-	10,938	-	11,803
Advertising and Media (In-Kind)	-	205,925	-	205,925	-	205,925
Repairs and Maintenance	2,428	1,281	1,318	2,599	-	5,027
Insurance	2,209	1,621	588	2,209	-	4,418
Membership Dues	184	93	93	186	-	370
Information Technology	5,832	5,689	23,057	28,746	-	34,578
National Partnership Dues	411,538	74,305	85,737	160,042	-	571,580
Miscellaneous	18,949	52,254	8,465	60,719	-	79,668
Depreciation and Amortization	262,750	69,336	32,845	102,181	-	364,931
Special Event - Direct Donor Benefits	-	-	-	-	(63,030)	-
<b>Total Expenses by Function</b>	<b>\$ 8,525,115</b>	<b>\$ 1,708,090</b>	<b>\$ 997,278</b>	<b>\$ 2,705,368</b>	<b>\$ (63,030)</b>	<b>\$ 11,230,483</b>
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	63,030	63,030
<b>Total Expenses Included in the Expense Section of the Statement of Activities</b>	<b>\$ 8,525,115</b>	<b>\$ 1,708,090</b>	<b>\$ 997,278</b>	<b>\$ 2,705,368</b>	<b>\$ -</b>	<b>\$ 11,293,513</b>

See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2022**

	Program Services	Support Services			Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 3,284,442	\$ -	\$ -	\$ -	\$ 3,284,442
Salaries, Taxes, and Benefits	1,280,643	659,324	646,656	1,305,980	2,586,623
Printing, Subscriptions, and Publications	9,499	35,915	2,578	38,493	47,992
Professional Fees	1,642	2,375	4,363	6,738	8,380
Occupancy	120,914	34,948	18,952	53,900	174,814
Postage and Delivery	23,920	6,124	928	7,052	30,972
Travel	8,504	13,388	3,199	16,587	25,091
Meetings and Conferences	54,644	201,688	5,412	207,100	261,744
Office Supplies	30,849	73,209	11,711	84,920	115,769
Communications	18,019	9,151	8,998	18,149	36,168
Advertising and Media	1,535	7,951	269	8,220	9,755
Repairs and Maintenance	1,224	492	422	914	2,138
Membership Dues	-	-	890	890	890
Grants and Scholarships	500,000	-	-	-	500,000
National Partnership Dues	465,940	84,128	97,071	181,199	647,139
Miscellaneous	29,746	35,783	17,901	53,684	83,430
Depreciation and Amortization	199,949	52,765	24,993	77,758	277,707
<b>Total Expenses by Function</b>	<b>\$ 6,031,470</b>	<b>\$ 1,217,241</b>	<b>\$ 844,343</b>	<b>\$ 2,061,584</b>	<b>\$ 8,093,054</b>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (888,879)	\$ (996,499)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	364,931	277,707
Forgiveness of Paycheck Protection Program Loan	-	(498,500)
Net Realized and Unrealized (Gains) Losses on Investments	(474,061)	1,504,805
Contributed Property and Equipment and Inventory	(44,739)	(51,250)
Change in Value of Split-Interest Agreements	(23,982)	206,011
Change in Discount to Present Value of Contributions Receivable	5,617	11,227
(Increase) Decrease in Assets:		
Contributions Receivable	(180,870)	(239,922)
Due from Related Entities	(163,616)	(137,900)
Prepaid Expenses	49,721	31,841
Other Assets	48,779	5,319
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	330,136	92,636
Due to Related Entities	141,061	88,649
Net Cash Provided (Used) by Operating Activities	(835,902)	294,124
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(1,668,170)	(2,795,273)
Proceeds from Sales of Investments	1,390,035	2,698,965
Purchases of Property and Equipment	(564,494)	(125,165)
Distribution of Split-Interest Agreements	4,050	4,051
Net Cash Used by Investing Activities	(838,579)	(217,422)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Restricted for Long-Term Investment	50,000	50,000
Net Cash Provided by Financing Activities	50,000	50,000
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,624,481)	126,702
Cash and Cash Equivalents- Beginning of Year	3,377,355	3,250,653
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,752,874	\$ 3,377,355
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Contributed Property, Inventory, and Split-Interest Agreements	\$ 44,739	\$ 51,520
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 22,440	\$ -

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of New Jersey, Inc. (the Foundation) is a New Jersey 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 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 NEW JERSEY, 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 of greater than \$5,000 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases (Fiscal Year 2022) are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 40 years. Land improvements are depreciated over the estimated useful life of the asset. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

**MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements**

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

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

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

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

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

**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 are 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 NEW JERSEY, 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 \$63,030 and \$-0- 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.

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

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

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

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 NEW JERSEY, 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, services, and materials that are reported in the statements of activities as follows:

	2023	2022
Wish Related Travel, Goods, and Services	\$ 2,833,740	\$ 1,098,957
Professional Services	7,142	4,380
Special Events	41,562	24,866
Advertising	205,925	-
Split-Interest Agreements	39,839	50,000
Inventory	4,900	1,250
Property and Equipment	425,475	-
Other	7,755	36,558
Total Contributed Nonfinancial Assets and Services	\$ 3,566,338	\$ 1,216,011

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 are valued and reported at the estimated fair value based on current rates for similar services.

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.

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 an RV and were valued using appraisal to determine fair value.

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

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Foundation is a nonprofit organization exempt from federal income and New Jersey taxes under the provisions of Internal Revenue Code (IRC) 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, 2023 and 2022. 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.

**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.



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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of Accounting Pronouncement**

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

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

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

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

**NOTE 3 LIQUIDITY AND AVAILABILITY**

The Foundation monitors liquidity regularly through daily cash flow activities, the monthly financial package provided to the board, and enterprise-wide Benchmarks of Excellence. The Foundation strives to maintain liquid financial assets sufficient to cover six months of general expenditures, while also maximizing the investment of current and long-term investment funds. Holding 6 to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

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**NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)**

The following table presents the calculation of financial assets available at August 31, 2023 and 2022 to meet cash needs for general expenditures within one year:

	<u>2023</u>	<u>2022</u>
Total Financial Assets	\$ 13,398,807	\$ 14,557,259
Donor-Imposed Restrictions:		
Restricted Funds	(1,563,153)	(1,433,743)
Endowments	<u>(2,535,240)</u>	<u>(2,365,933)</u>
Net Financial Assets after Donor-Imposed Restrictions	9,300,414	10,757,583
Internal Designations:		
Board-Designated Endowments	<u>(1,984,236)</u>	<u>(1,844,001)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 7,316,178</u>	<u>\$ 8,913,582</u>

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

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board as an endowment. Income from donor-restricted endowments is restricted for program expenses and is subject to an annual spending rate of 5% as described in Note 12. Restricted funds represent contribution pledges outstanding for program and endowments in future years. Donor-restricted and endowment funds are not available for general expenditure.

The board-designated endowment of \$1,984,236 and \$1,844,001 as of August 31, 2023 and 2022, respectively, is also subject to an annual spending rate of 5% as described in Note 12. 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, this amount could be made available if necessary.

As part of the Foundation's liquidity management plan, cash in excess of daily requirements is invested in money market funds. If the need arises, investment reserves without donor restrictions could also be utilized for general expenditures, with the approval of the board. In addition to financial assets available to meet general expenditures within one year, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The Foundation also has a \$1,000,000 line of credit available to meet short-term needs. See Note 9 for further information.

**MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.**  
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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.

**Investments**

Overall Investment Objective

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Foundation diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the board's 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 at August 31:

<u>August 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Investments:				
Mutual Funds	\$ 4,767,843	\$ -	\$ -	\$ 4,767,843
Exchange-Traded Funds	3,526,982	-	-	3,526,982
Debt Securities	-	1,580,856	-	1,580,856
Split-Interest Agreements	-	-	634,807	634,807
Total Assets	<u>\$ 8,294,825</u>	<u>\$ 1,580,856</u>	<u>\$ 634,807</u>	<u>\$ 10,510,488</u>

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**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value Hierarchy (Continued)**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>August 31, 2022</u>				
<b>Assets</b>				
Investments:				
Mutual Funds	\$ 4,440,209	\$ -	\$ -	\$ 4,440,209
Equity Securities	3,159,896	-	-	3,159,896
Debt Securities	-	1,573,380	-	1,573,380
Split-Interest Agreements	-	-	575,036	575,036
Total Assets	<u>\$ 7,600,105</u>	<u>\$ 1,573,380</u>	<u>\$ 575,036</u>	<u>\$ 9,748,521</u>

For the valuation of Debt Securities at August 31, 2023 and 2022, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

For the valuation of Split-Interest Agreements at August 31, 2023 and 2022, the Foundation used significant unobservable inputs such as present value of expected future amounts to be received.

Transfers in and transfer out of Level 3 investments consist of the following for the years ended August 31:

	<u>2023</u>	<u>2022</u>
Transfers In	\$ 39,839	\$ 50,000
Transfer Out	4,050	4,051

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

<u>Quantitative Information About Level 3 Fair Value Measurements</u>			
<u>Type of Assets</u>	<u>Fair Value at August 31, 2023</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>
Split-Interest Agreements	<u>\$ 634,807</u>	Fair Value of Assets	Time Period of Agreement
<u>Type of Assets</u>	<u>Fair Value at August 31, 2022</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>
Split-Interest Agreements	<u>\$ 575,036</u>	Fair Value of Assets	Time Period of Agreement

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**NOTE 5 CONTRIBUTIONS RECEIVABLE**

Contributions receivable include pledges that have been discounted at rates ranging from .15% to 2.74% at August 31, 2022. There was no discount necessary as of August 31, 2023. The following is a summary of the Foundation's contributions receivable at August 31:

	2023	2022
Total Amounts Due in:		
Within One Year	\$ 1,557,286	\$ 1,132,033
One to Five Years	-	250,000
Gross Contributions Receivable	1,557,286	1,382,033
Less Allowance for Doubtful Accounts	(200,727)	(195,110)
Less Discount to Present Value	-	(5,617)
Contributions Receivable, Net	\$ 1,356,559	\$ 1,181,306

**NOTE 6 SPLIT-INTEREST AGREEMENTS**

**Charitable Gift Annuities**

Donors have contributed assets to the National Organization in exchange for a promise by the National Organization 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 National Organization. The National Organization 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 Foundation is named as the beneficiary of eight of these agreements. Accordingly, contribution revenue with donor restrictions and the related assets are recognized at fair value in the period in which the Foundation received notice that the agreements convey unconditional rights to receive benefits. Subsequent changes in value of the underlying assets are recorded in the accompanying statement of activities as the change in value of split-interest agreements.

The Foundation's beneficial interest under split-interest agreements totaled \$634,807 and \$575,036 at August 31, 2023 and 2022, respectively. The Foundation was the recipient of additional gifts as of August 31, 2023 and 2022 valued at \$39,839 and \$50,000, respectively.

**NOTE 7 TRANSACTIONS WITH RELATED ENTITIES**

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2023 and 2022, respectively, the Foundation received \$2,193,396 and \$2,305,615 from these national revenue streams.

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**NOTE 7 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)**

As part of the National Organization's Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation contributed \$-0- and \$500,000 during the years ended August 31, 2023 and 2022, respectively.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$571,580 and \$647,138 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 \$4,700 and \$2,700, 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	\$ 371,337	\$ 244,466
Due from Other Chapters	42,356	5,611
Total Due from Related Entities	<u>\$ 413,693</u>	<u>\$ 250,077</u>
Due to National Organization	\$ 29,839	\$ 31,822
Due to Other Chapters	220,245	77,201
Total Due to Related Entities	<u>\$ 250,084</u>	<u>\$ 109,023</u>

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

During the years ended August 31, 2023 and 2022, the Foundation received contributions, both cash and in-kind, from board members totaling \$6,000 and \$130,000, respectively. As of August 31, 2023 and 2022, amounts due from board members totaled \$6,242 and \$130,000, respectively, and are included in contributions receivable in the accompanying statements of financial position. Amounts paid to related parties for goods and services used in the Foundation's operations totaled \$12,040 and \$22,869, for the years ended August 31, 2023 and 2022, respectively.

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**NOTE 8 PROPERTY AND EQUIPMENT, NET**

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

	2023	2022
Land	\$ 966,961	\$ 966,961
Buildings and Building Improvements	8,175,473	8,058,790
Computer Equipment and Software	172,814	162,527
Office Furniture	117,696	117,696
Other Equipment	551,282	113,758
Total	9,984,226	9,419,732
Less Accumulated Depreciation and Amortization	(3,224,686)	(2,859,755)
Property and Equipment, Net	\$ 6,759,540	\$ 6,559,977

Depreciation and amortization expense totaled \$364,931 and \$277,707, respectively, for the years ended August 31, 2023 and 2022.

**NOTE 9 REVOLVING LINE OF CREDIT**

The Foundation has a secured, revolving line of credit with a financial institution totaling \$1,000,000, bearing interest at 8.25% and 5.25% at August 31, 2023 and 2022. Interest is calculated at Prime Rate (as published in the Wall Street Journal) less 0.25%, subject to an interest rate floor of 3.25% as of August 31, 2023 and 2022, respectively. The line of credit matures on February 28, 2024 and there was \$-0- outstanding on this line of credit as of August 31, 2023 and 2022, respectively. The line of credit is subject to various financial and nonfinancial covenants.

**NOTE 10 LEASES**

**Lease Agreements - ASC 842**

The Foundation leases equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through fiscal year 2028.

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

Lease cost:	
Operating Lease Cost	\$ 4,266
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities	
Operating Cash Flows from Operating Leases	\$ 4,266
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 22,440
Weighted-Average Remaining Leases Term - Operating Leases	3.9 Years
Weighted-Average Discount Rate - Operating Leases	3.40%

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**NOTE 10 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	\$ 5,178
2025	5,178
2026	5,178
2027	4,199
2028	249
Total Lease Payments	19,982
Less: Imputed Interest	(1,229)
Present Value of Lease Liabilities	<u>\$ 18,753</u>

**Lease Agreements – ASC 840**

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through July 2027. Total rent expense for all operating leases for the years ended August 31, 2022 totaled \$2,113.

**NOTE 11 NET ASSETS**

**Net Assets Without Donor Restrictions**

Board-designated net assets consist of the following at August 31:

	<u>2023</u>	<u>2022</u>
Board-Designated Endowment Funds	\$ 1,984,236	\$ 1,844,001
Total Board-Designated Net Assets	<u>\$ 1,984,236</u>	<u>\$ 1,844,001</u>



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**NOTE 11 NET ASSETS (CONTINUED)**

**Net Assets With Donor Restrictions (Continued)**

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

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose:		
Pledges Outstanding for Program, Net of Discount	\$ 407,710	\$ 479,186
Pledges Outstanding for Endowment, Net of Discount	211,532	297,050
Pledge - Wish Granting In-Kind	<u>309,104</u>	<u>82,471</u>
Total	928,346	858,707
Subject to Passage of Time:		
Assets Held under Split Interest Agreements	<u>634,807</u>	<u>575,036</u>
Total	634,807	575,036
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	367,240	247,933
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Endowment Fund - Program	1,608,000	1,608,000
Endowment Fund - Facilities	<u>560,000</u>	<u>510,000</u>
Total Endowments	<u>2,535,240</u>	<u>2,365,933</u>
Total Donor-Restricted Net Assets	<u>\$ 4,098,393</u>	<u>\$ 3,799,676</u>

**NOTE 12 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 six 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.

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**NOTE 12 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law**

The board of directors of the Foundation has interpreted the New Jersey 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:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

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

	Without Donor Restrictions	With Donor Restrictions	Total
August 31, 2023			
Donor-Restricted Endowment Funds	\$ -	\$ 2,535,240	\$ 2,535,240
Board-Designated Endowment Funds	1,984,236	-	1,984,236
Total Funds	\$ 1,984,236	\$ 2,535,240	\$ 4,519,476
August 31, 2022			
Donor-Restricted Endowment Funds	\$ -	\$ 2,365,933	\$ 2,365,933
Board-Designated Endowment Funds	1,844,001	-	1,844,001
Total Funds	\$ 1,844,001	\$ 2,365,933	\$ 4,209,934

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**NOTE 12 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

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

<u>August 31, 2023</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Funds - Beginning of Year	\$ 1,844,001	\$ 2,365,933	\$ 4,209,934
Investment Return, Net	155,632	174,784	330,416
Contributions	-	50,000	50,000
Appropriation of Endowment Asset for Expenditure	<u>(15,397)</u>	<u>(55,477)</u>	<u>(70,874)</u>
Endowment Funds - End of Year	<u>\$ 1,984,236</u>	<u>\$ 2,535,240</u>	<u>\$ 4,519,476</u>
<u>August 31, 2022</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Funds - Beginning of Year	\$ 2,201,540	\$ 2,777,807	\$ 4,979,347
Investment Return, Net	(258,516)	(364,920)	(623,436)
Contributions	-	50,000	50,000
Appropriation of Endowment Asset for Expenditure	<u>(99,023)</u>	<u>(96,954)</u>	<u>(195,977)</u>
Endowment Funds - End of Year	<u>\$ 1,844,001</u>	<u>\$ 2,365,933</u>	<u>\$ 4,209,934</u>

**Fund Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There are no fund deficiencies as of August 31, 2023 and 2022.

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment funds 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 provide an average rate of return of approximately 6.5% annually. Actual returns in any given year may vary from this amount.

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**NOTE 12 ENDOWMENTS (CONTINUED)**

**Strategies Employed for Achieving Objectives**

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

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 6.5% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**NOTE 13 RETIREMENT PLAN**

The Foundation has a 403b defined contribution retirement plan which, upon approval of the board of directors, was frozen on December 31, 2015. Employees were eligible for participation as of their dates of employment and elected to defer a percentage of their salary subject to certain IRC limitations. The Foundation did not make any matching contributions to the 403b plan.

In August 2015, the board of directors approved a plan to adopt the Extensis Retirement Savings Plan (the Plan), the 401k defined contribution plan of its professional employer organization, which provides payroll and human resources services. This change occurred on January 1, 2016. Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of six months of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 4% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2023 and 2022 were \$42,737 and \$39,819, respectively.

**NOTE 14 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.

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**NOTE 15 COMMITMENTS**

The goal of the Foundation is to grant the wish of every eligible child. During the years ended August 31, 2023 and 2022, the Foundation granted 454 and 335 wishes, respectively. As of August 31, 2023 and 2022, respectively, there were approximately 480 and 790 children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2023 was \$8,089 in cash and \$4,414 in in-kind for a total cost of \$12,504. The average cost of a wish for the year ended August 31, 2022 was \$5,171 in cash and \$1,567 in in-kind for a total cost of \$6,738.

**NOTE 16 RISK 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 78% of wishes granted and the number of granted wishes averaged approximately 468. The number of wishes granted during the years ended August 31, 2023 and 2022 was 454, and 335, respectively.

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

**NOTE 17 PAYCHECK PROTECTION PROGRAM**

The Foundation applied for and was approved for a \$495,795 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 21, 2020. The loan accrues interest at 1%, but payments are not required to begin for six months after 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 \$495,795 on February 17, 2021.

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**NOTE 17 PAYCHECK PROTECTION PROGRAM (CONTINUED)**

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$498,500 loan. The loan was received on February 1, 2021. The loan accrues interest at 1%, with interest deferred through a covered period of up to 24 weeks from the loan date plus 10 months, has a term of five years and is unsecured and guaranteed by the Small Business Administration. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation received forgiveness of \$498,500 on February 7, 2022.

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

**NOTE 18 EMPLOYEE RETENTION CREDIT**

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During the years ended August 31, 2023 and 2022, the Foundation applied for Employee Retention Credit (ERC) grant funding from the Internal Revenue Service. The Foundation recognized \$-0- and \$339,024, respectively, of grant revenue related to performance requirements being met in compliance with the program during the years ended August 31, 2023 and 2022.

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

**NOTE 19 SUBSEQUENT EVENTS**

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



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