

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



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**MAKE-A-WISH FOUNDATION® OF CONNECTICUT
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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 Connecticut
Trumbull, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Connecticut (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 Connecticut 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 Connecticut 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 Connecticut'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 Connecticut'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 Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Phoenix, Arizona
December 22, 2023

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

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ 213,094	\$ 349,505
Investments	4,696,665	3,855,045
Due from Related Entities	73,292	86,525
Prepaid Expenses	214,607	173,186
Contributions Receivable, Net	836,018	1,867,347
Other Assets	809	15,002
Investments Held for Long-Term Purposes	469,291	461,099
Right-of-Use Assets - Operating	54,331	-
Right-of-Use Assets - Finance	1,812	-
Property and Equipment, Net	7,329,063	7,357,447
Beneficial Interest in Assets Held by National	<u>168,699</u>	<u>157,641</u>
Total Assets	<u><u>\$ 14,057,681</u></u>	<u><u>\$ 14,322,797</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 384,155	\$ 356,096
Due to Related Entities	88,238	43,345
Deferred Rent	-	-
Lease Liability - Operating	35,331	-
Lease Liability - Financing	2,036	-
Capital Lease Obligations	-	7,830
Deferred Revenue, Internal Events	54,162	11,145
Note Payable	<u>2,081,060</u>	<u>2,174,842</u>
Total Liabilities	2,644,982	2,593,258
NET ASSETS		
Without Donor Restrictions	10,051,485	10,264,268
With Donor Restrictions	<u>1,361,214</u>	<u>1,465,271</u>
Total Net Assets	<u>11,412,699</u>	<u>11,729,539</u>
Total Liabilities and Net Assets	<u><u>\$ 14,057,681</u></u>	<u><u>\$ 14,322,797</u></u>

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 3,555,705	\$ 250,000	\$ 3,805,705
Contributions, Donated Goods and Services	1,616,926	240,761	1,857,687
Grants	81,930	-	81,930
Total Public Support	5,254,561	490,761	5,745,322
Internal Special Events, Cash	1,205,411	-	1,205,411
Internal Special Events, Donated Goods and Services	21,700	-	21,700
Less: Costs of Direct Benefits to Donors	(280,975)	-	(280,975)
Total Internal Special Events	946,136	-	946,136
Investment Income, Net	245,715	28,192	273,907
Other Income, Net	705	-	705
Net Assets Released from Restrictions	634,068	(634,068)	-
Total Revenues, Gains, and Other Support	7,081,185	(115,115)	6,966,070
EXPENSES			
Program Services:			
Wish Granting	4,977,245	-	4,977,245
Total Program Services	4,977,245	-	4,977,245
Support Services:			
Fundraising	1,407,647	-	1,407,647
Management and General	655,773	-	655,773
Total Support Services	2,063,420	-	2,063,420
Total Expenses	7,040,665	-	7,040,665
OTHER (GAINS) LOSSES			
Change in Value of Beneficial Interest	-	(11,058)	(11,058)
Loss on Disposal of Property and Equipment	6,426	-	6,426
Flood Casualty Loss			
Flood Casualty Loss	346,877	-	346,877
Insurance Proceeds Recovery	(100,000)	-	(100,000)
Flood Casualty Loss, Net	246,877	-	246,877
Total Other (Gains) Losses	253,303	(11,058)	242,245
CHANGE IN NET ASSETS	(212,783)	(104,057)	(316,840)
Net Assets - Beginning of Year	10,264,268	1,465,271	11,729,539
NET ASSETS - END OF YEAR	<u>\$ 10,051,485</u>	<u>\$ 1,361,214</u>	<u>\$ 11,412,699</u>

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 2,684,785	\$ 93,959	\$ 2,778,744
Contributions, Donated Goods and Services	1,298,316	297,291	1,595,607
Grants	934,500	-	934,500
Total Public Support	4,917,601	391,250	5,308,851
Internal Special Events, Cash	1,065,402	-	1,065,402
Less: Costs of Direct Benefits to Donors	(237,957)	-	(237,957)
Total Internal Special Events	827,445	-	827,445
Investment Income, Net	(378,545)	(48,222)	(426,767)
Forgiveness of Paycheck Protection Program Loan	289,210	-	289,210
Other Income, Net	900	-	900
Net Assets Released from Restrictions	557,318	(557,318)	-
Total Revenues, Gains, and Other Support	6,213,929	(214,290)	5,999,639
EXPENSES			
Program Services:			
Wish Granting	3,974,436	-	3,974,436
Total Program Services	3,974,436	-	3,974,436
Support Services:			
Fundraising	1,124,228	-	1,124,228
Management and General	535,754	-	535,754
Total Support Services	1,659,982	-	1,659,982
Total Expenses	5,634,418	-	5,634,418
OTHER LOSSES			
Change in Value of Beneficial Interest	-	28,780	28,780
Total Other Losses	-	28,780	28,780
CHANGE IN NET ASSETS	579,511	(243,070)	336,441
Net Assets - Beginning of Year	9,684,757	1,708,341	11,393,098
NET ASSETS - END OF YEAR	<u>\$ 10,264,268</u>	<u>\$ 1,465,271</u>	<u>\$ 11,729,539</u>

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services			Direct	
	Wish Granting	Fundraising	Management and General	Total Support Services	Donor Benefits	Total
Direct Costs of Wishes	\$ 3,187,019	\$ -	\$ -	\$ -	\$ -	\$ 3,187,019
Salaries, Taxes, and Benefits	1,121,841	639,593	281,993	921,586	-	2,043,427
Printing, Subscriptions, and Publications	5,737	19,003	1,193	20,196	-	25,933
Professional Fees	63,553	94,364	154,259	248,623	-	312,176
Rent and Utilities	59,253	33,781	14,894	48,675	-	107,928
Postage and Delivery	24,766	4,959	1,210	6,169	-	30,935
Travel	3,753	4,613	15,361	19,974	-	23,727
Meetings and Conferences	15,675	44,712	13,194	57,906	-	73,581
Office Supplies	58,542	52,414	4,883	57,297	-	115,839
Communications	13,206	7,827	3,320	11,147	-	24,353
Advertising and Media (Cash)	-	3,215	756	3,971	-	3,971
Advertising and Media (In-Kind)	-	255,070	39,240	294,310	-	294,310
Repairs and Maintenance	19,320	11,033	4,856	15,889	-	35,209
Insurance	644	366	4,702	5,068	-	5,712
Bad Debt Expense	-	36,500	-	36,500	-	36,500
Membership Dues	399	1,818	12	1,830	-	2,229
National Partnership Dues	243,902	55,749	48,781	104,530	-	348,432
Miscellaneous	56,821	84,013	41,275	125,288	-	182,109
Depreciation and Amortization	102,814	58,617	25,844	84,461	-	187,275
Special Event - Direct Donor Benefits	-	-	-	-	280,975	280,975
Total	4,977,245	1,407,647	655,773	2,063,420	280,975	7,321,640
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(280,975)	(280,975)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 4,977,245</u>	<u>\$ 1,407,647</u>	<u>\$ 655,773</u>	<u>\$ 2,063,420</u>	<u>\$ -</u>	<u>\$ 7,040,665</u>

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services			Direct	
	Wish Granting	Fundraising	Management and General	Total Support Services	Donor Benefits	Total
Direct Costs of Wishes	\$ 2,318,482	\$ -	\$ -	\$ -	\$ -	\$ 2,318,482
Salaries, Taxes, and Benefits	986,545	562,456	247,984	810,440	-	1,796,985
Printing, Subscriptions, and Publications	6,114	13,505	1,017	14,522	-	20,636
Professional Fees	54,803	59,275	144,257	203,532	-	258,335
Rent and Utilities	66,087	37,678	16,612	54,290	-	120,377
Postage and Delivery	20,487	5,306	1,246	6,552	-	27,039
Travel	2,543	2,141	1,793	3,934	-	6,477
Meetings and Conferences	15,338	30,875	11,491	42,366	-	57,704
Office Supplies	94,650	24,627	7,906	32,533	-	127,183
Communications	14,666	8,362	3,686	12,048	-	26,714
Advertising and Media (Cash)	-	2,808	-	2,808	-	2,808
Advertising and Media (In-Kind)	-	190,625	-	190,625	-	190,625
Repairs and Maintenance	3,763	2,145	947	3,092	-	6,855
Insurance	646	368	163	531	-	1,177
Bad Debt Expense	-	15,000	-	15,000	-	15,000
Membership Dues	439	585	111	696	-	1,135
National Partnership Dues	251,735	45,452	52,445	97,897	-	349,632
Miscellaneous	67,475	82,733	28,210	110,943	-	178,418
Depreciation and Amortization	70,663	40,287	17,886	58,173	-	128,836
Special Event - Direct Donor Benefits	-	-	-	-	237,957	237,957
Total	3,974,436	1,124,228	535,754	1,659,982	237,957	5,872,375
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(237,957)	(237,957)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,974,436</u>	<u>\$ 1,124,228</u>	<u>\$ 535,754</u>	<u>\$ 1,659,982</u>	<u>\$ -</u>	<u>\$ 5,634,418</u>

See accompanying Notes to Financial Statements.

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (316,840)	\$ 336,441
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	181,839	128,836
Amortization of Right-of-Use Asset, Finance Lease	5,436	-
Forgiveness of Paycheck Protection Program Loan	-	(289,210)
Bad Debt Expense and Other	36,500	15,000
Net Realized and Unrealized (Gains) Losses on Investments	(129,500)	707,305
Loss on Disposal of Property and Equipment	6,426	-
Contributed Property and Equipment	(28,243)	(111,961)
Distribution of Beneficial Interest in Assets Held by National	-	6,794
Change in Beneficial Interest in Assets Held by National	(11,058)	28,780
Distribution of Split-Interest Agreements	-	-
Change in Discount to Present Value of Contributions Receivable	(2,442)	(2,248)
Change in Operating Right-of-Use Assets and Lease Liabilities	(19,000)	-
(Increase) Decrease in Assets:		
Contributions Receivable	997,271	(728,770)
Due from Related Entities	13,233	20,870
Prepaid Expenses	(41,421)	(58,417)
Other Assets	14,193	(1,949)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	28,059	59,392
Due to Related Entities	44,893	39,324
Deferred Revenue	43,017	11,145
Net Cash Provided by Operating Activities	<u>822,363</u>	<u>161,332</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,858,916)	(1,727,103)
Proceeds from Sales of Investments	1,138,604	1,885,156
Purchases of Property and Equipment	(138,886)	(339,735)
Net Cash Used by Investing Activities	<u>(859,198)</u>	<u>(181,682)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	-	(5,349)
Principal Payments on Financing Lease Obligations	(5,794)	-
Principal Payments on Notes Payable	(93,782)	(580,532)
Net Cash Used by Financing Activities	<u>(99,576)</u>	<u>(585,881)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(136,411)	(606,231)
Cash and Cash Equivalents - Beginning of Year	<u>349,505</u>	<u>955,736</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 213,094</u>	<u>\$ 349,505</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest Expense	<u>\$ 68,553</u>	<u>\$ 84,703</u>
Contributed Property and Equipment	<u>\$ 28,243</u>	<u>\$ 111,961</u>
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	<u>\$ 55,779</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (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 CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED 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 \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases (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. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED 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.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restriction when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED 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 \$281,000 and \$238,000 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 \$367,140 and \$423,480, respectively.

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

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

Conditional promises to give are not recognized as contribution revenue and receivables until the conditions have been substantially met. Conditional promises outstanding for the years ended August 31, 2023 and 2022 was approximately \$337,000 and \$375,000, respectively.

**MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

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	\$ 1,482,033	\$ 1,266,366
Professional Services	-	4,000
Contributed Office Space	1,750	6,670
Advertising and Media	272,610	190,625
Special Events	21,700	-
Property and Equipment	28,243	111,961
Flood Repairs	39,353	-
Other	33,698	15,985
	<hr/>	<hr/>
Total Contributed Nonfinancial Assets and Services	<u>\$ 1,879,387</u>	<u>\$ 1,595,607</u>

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

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

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

Donated advertising and media is reported at the estimated fair value as provided by the donor based on rates charged for similar advertising or media. Advertising and media is used for both program and supporting services. Advertising and media is used to help the Foundation communicate its message or mission and includes fund raising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes.

Property and equipment items donated consist of building improvements and furniture and were valued using based on the current market rates for similar items in the Foundation's market.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions: Donated Goods and Services (Continued)

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

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Connecticut 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 Connecticut jurisdiction.

Functional Expenses

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

Wish Granting

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

Fundraising

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

Management and General

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

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

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

Management Estimates

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

Adoption of Accounting Pronouncement

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

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

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

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

NOTE 3 LIQUIDITY AND AVAILABILITY

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

	2023	2022
Total Financial Assets	\$ 6,288,360	\$ 6,619,521
Donor Imposed Restrictions:		
Restricted Funds	(723,224)	(846,531)
Endowments	(469,291)	(461,099)
Net Financial Assets after Donor-Imposed Restrictions	5,095,845	5,311,891
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 5,095,845</u>	<u>\$ 5,311,891</u>

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

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

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

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

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

Overall Investment Objective

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

Allocation of Investment Strategies

In addition to traditional stocks and fixed income securities, the Foundation may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity, and real asset strategies.

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

Fair Value Hierarchy

The following tables present the placement in the fair value hierarchy of assets that are measured at fair value at August 31:

August 31, 2023					
	(Level 1)	(Level 2)	(Level 3)	Assets Not Held at Fair Value	Total
Assets:					
Investments:					
Mutual Funds	\$ 2,132,818	\$ -	\$ -	\$ -	\$ 2,132,818
Exchange-Traded Funds	378,207	-	-	-	378,207
Certificates of Deposit	-	355,217	-	-	355,217
Debt Securities	-	1,752,514	-	-	1,752,514
Cash	-	-	-	547,200	547,200
Total Investments	2,511,025	2,107,731	-	547,200	5,165,956
Beneficial Interest in Assets Held by National	-	-	168,699	-	168,699
Total Assets	<u>\$ 2,511,025</u>	<u>\$ 2,107,731</u>	<u>\$ 168,699</u>	<u>\$ 547,200</u>	<u>\$ 5,334,655</u>
August 31, 2022					
	(Level 1)	(Level 2)	(Level 3)	Assets Not Held at Fair Value	Total
Assets:					
Investments:					
Mutual Funds	\$ 1,757,632	\$ -	\$ -	\$ -	\$ 1,757,632
Exchange-Traded Funds	278,426	-	-	-	278,426
Certificates of Deposit	-	149,383	-	-	149,383
Debt Securities	-	1,719,156	-	-	1,719,156
Cash	-	-	-	411,547	411,547
Total Investments	2,036,058	1,868,539	-	411,547	4,316,144
Beneficial Interest in Assets Held by National	-	-	157,641	-	157,641
Total Assets	<u>\$ 2,036,058</u>	<u>\$ 1,868,539</u>	<u>\$ 157,641</u>	<u>\$ 411,547</u>	<u>\$ 4,473,785</u>

For the valuation of certificates of deposit 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).

There were no purchases, sales, transfers in or transfers out of Level 3 investments for the years ended August 31, 2023 and 2022.

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

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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.

Quantitative Information About Level 3 Fair Value Measurements			
Type of Assets	Fair Value at August 31, 2023	Principal Valuation Technique	Unobservable Inputs
Beneficial Interests in Trust Held by Others	<u>\$ 168,699</u>	Fair Market Value of Investments	Value of Underlying Assets
Type of Assets	Fair Value at August 31, 2022	Principal Valuation Technique	Unobservable Inputs
Beneficial Interests in Trust Held by Others	<u>\$ 157,641</u>	Fair Market Value of Investments	Value of Underlying Assets

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at a rate of 4.20% at August 31, 2023 and at of rate of 3.27% at August 31, 2022. The following is a summary of the Foundation's contributions receivable at August 31:

	2023	2022
Total Amounts Due in:		
Within One Year	\$ 603,055	\$ 1,617,325
One to Five Years	245,770	265,271
Gross Contributions Receivable	848,825	1,882,596
Less: Discount to Present Value	(12,807)	(15,249)
Contributions Receivable, Net	<u>\$ 836,018</u>	<u>\$ 1,867,347</u>

NOTE 6 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Beneficial Interest in Assets Held by National

The Foundation had received a gift for an endowment which was transferred by the Foundation to the Wishes Forever Endowment Fund at the National Organization. The original corpus is not redeemable by the Foundation at any time. Distributions from earnings will be made by the National Organization to the Foundation according to the National Organization's Endowment Spending Policy. The Foundation's beneficial interest in this endowment being held by the National Organization is \$168,699 and \$157,641, respectively, as of August 31, 2023 and 2022.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2023 and 2022, respectively, the Foundation received \$958,824 and \$678,275 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 \$456,299 and \$456,412 were paid from the Foundation to the National Organization during the years ended August 31, 2023 and 2022.

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 Foundation received \$-0- and \$900 for the years ended August 31, 2023 and 2022, respectively, which is recorded in the accompanying statements of activities as other income.

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

	2023	2022
Due from National Organization	\$ 73,292	\$ 86,017
Due from Other Chapters	-	508
Total Due from Related Entities	<u>\$ 73,292</u>	<u>\$ 86,525</u>
Due to National Organization	\$ 5,643	\$ 3,080
Due to Other Chapters	82,595	40,265
Total Due to Related Entities	<u>\$ 88,238</u>	<u>\$ 43,345</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 \$279,030 and \$310,435, respectively. At August 31, 2023 and 2022, amounts due from board members totaling \$97,638 and \$180,397, respectively, and are included in contributions receivable in the accompanying statements of financial position.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 PROPERTY AND EQUIPMENT, NET

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

	2023	2022
Land	\$ 1,367,449	\$ 1,367,449
Buildings and Building Improvements	6,130,756	3,517,860
Computer Equipment and Software	82,561	135,324
Office Furniture and Other Equipment	152,368	115,657
Construction in Progress	106,012	2,620,606
Total	7,839,146	7,756,896
Less: Accumulated Depreciation and Amortization	(510,083)	(399,449)
Property and Equipment, Net	<u>\$ 7,329,063</u>	<u>\$ 7,357,447</u>

Depreciation and amortization expense totaled \$187,275 and \$128,836, respectively, for the years ended August 31, 2023 and 2022.

NOTE 9 NOTE PAYABLE

On February 1, 2021, the Foundation entered into a note payable with a financial institution totaling \$2,800,000. The note bears interest at 3.15%, requires principal payments in equal monthly installments of \$13,490, and matures on October 8, 2029. The note payable is subject to various financial and nonfinancial covenants. The remaining principal payments subsequent to August 31, 2023 are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2024	\$ 97,758
2025	100,882
2026	104,106
2027	107,433
2028	110,852
Thereafter	1,560,029
Total	<u>\$ 2,081,060</u>

NOTE 10 LEASES

Lease Agreements - ASC 842

The Foundation leases equipment as well as certain operating leases for vehicles for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through August 2026.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 LEASES (CONTINUED)

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

	<u>2023</u>
Lease Cost:	
Finance Lease Cost:	
Amortization of Right-of-Use Assets	\$ 5,436
Interest on Lease Liability	417
Operating Lease Cost	<u>672</u>
Total Lease Cost	<u><u>\$ 6,525</u></u>
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities	
Operating Cash Flows from Financing Leases	\$ 417
Operating Cash Flows from Operating Leases	\$ 672
Financing Cash Flows from Financing Leases	\$ 5,794
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 55,779
Weighted-Average Remaining Leases Term - Financing Leases	0.3 years
Weighted-Average Remaining Leases Term - Operating Leases	3.0 years
Weighted-Average Discount Rate - Financing Leases	8.00%
Weighted-Average Discount Rate - Operating Leases	4.53%

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>	<u>Finance Leases</u>
2024	\$ 12,552	\$ 2,045
2025	13,128	-
2026	<u>12,960</u>	<u>-</u>
Total Lease Payments	38,640	2,045
Less: imputed interest	<u>(3,309)</u>	<u>(9)</u>
Present Value of Lease Payments	<u><u>\$ 35,331</u></u>	<u><u>\$ 2,036</u></u>

Lease Agreements – ASC 840

The Foundation is obligated under one capital lease for equipment, which expires December 18, 2023. As of August 31, 2022, the cost of leased property and equipment under capital lease was \$18,119 and accumulated depreciation was \$10,871.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 NET ASSETS

Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 240,760	\$ 297,291
Wishing Place Capital Campaign	150,000	-
Total	<u>390,760</u>	<u>297,291</u>
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	<u>332,464</u>	<u>549,240</u>
Total	<u>332,464</u>	<u>549,240</u>
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	173,981	167,089
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Wilson Endowment Fund	150,000	150,000
Ortense Endowment Fund	<u>145,310</u>	<u>144,010</u>
Total	<u>469,291</u>	<u>461,099</u>
Not Subject to Spending Policy or Appropriation:		
Beneficial Interest in Assets Held by National	<u>168,699</u>	<u>157,641</u>
Total	<u>168,699</u>	<u>157,641</u>
Total Donor-Restricted Net Assets	<u><u>\$ 1,361,214</u></u>	<u><u>\$ 1,465,271</u></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 two donor-restricted funds. 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 CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Connecticut 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:

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:

August 31, 2023			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 469,291	\$ 469,291
August 31, 2022			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 461,099	\$ 461,099

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

	August 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ -	\$ 461,099	\$ 461,099
Investment Return:			
Investment Income	-	14,274	14,274
Net Appreciation (Realized and Unrealized)	-	13,918	13,918
Total Investment Return	-	28,192	28,192
Appropriation of Endowment Asset for Expenditure	-	(20,000)	(20,000)
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 469,291</u>	<u>\$ 469,291</u>
	August 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ -	\$ 519,320	\$ 519,320
Investment Return:			
Investment Income	-	33,440	33,440
Net Appreciation (Realized and Unrealized)	-	(81,662)	(81,662)
Total Investment Return	-	(48,222)	(48,222)
Appropriation of Endowment Asset for Expenditure	-	(9,999)	(9,999)
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 461,099</u>	<u>\$ 461,099</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 were no such deficiencies as of August 31, 2023 and 2022.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 12 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 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 5% 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.

NOTE 13 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age. 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 \$54,281 and \$50,742, 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.

Contributions totaling \$624,624 were received from a single donor for the year ended August 31, 2022, which represents 10% of raised revenue which consists of total public support and gross internal special event revenue. Should these contribution levels decrease, the Foundation may be adversely affected. No single donor was greater than 10% of raised revenue for the year ended August 31, 2023.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 14 CONCENTRATIONS OF CREDIT RISK (CONTINUED)

For the years ended August 31, 2023 and 2022 four donors represent 77% and 78% of the contributions receivable balance, respectively. Should these contribution levels decrease, the Foundation may be adversely affected.

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 232 and 185 wishes, respectively. As of August 31, 2023 and 2022, respectively, there were approximately 355 and 385 wish children who are eligible for a wish. The average cost of a wish for the fiscal year ended August 31, 2023 was \$6,849 in cash and \$6,827 in in-kind for a total cost of \$13,676. The average cost of a wish for the year ended August 31, 2022 was \$6,984 in cash and \$4,131 in in-kind for a total cost of \$11,115.

NOTE 16 RISKS AND UNCERTAINTIES

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

As of September 15, 2021, in consultation with the NMAC, the pause on domestic travel to large gatherings was lifted, if travel occurred by automobile. The pause on airline travel was lifted December 1, 2021 with a graduated approach with full domestic travel resuming June of 2022. International and cruise wish travel is still paused as of August 31, 2023. Prior to fiscal year 2020, travel wishes have been approximately 81% of wishes granted and the number of granted wishes averaged approximately 231. The number of wishes granted during the years ended August 31, 2023 and 2022 was 232 and 185, 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 \$289,210 loan under the second round of Paycheck Protection Program funding created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (SBA). The loan was received on January 27, 2021. The loan accrues interest at 1%, with the first ten 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 \$289,210 on December 13, 2021.

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NOTE 17 PAYCHECK PROTECTION PROGRAM (CONTINUED)

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 year ended August 31 2022 the Foundation applied for Employee Retention Credit (ERC) grant funding from the Internal Revenue Service. The Foundation recognized \$288,628 of grant revenue related to performance requirements being met in compliance with the program during the year ended August 31, 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 CONNECTICUT DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT GRANT

In fiscal year 2022, the Foundation was awarded a \$1,000,000 grant from the Connecticut Department of Economic and Community Development that is conditional on eligible expenditures for the purchase and renovation of office property. \$38,021 was recognized as revenue in 2023 for the purchase and construction costs incurred through August 31, 2023. \$624,624 was recognized as revenue in 2022 for the purchase and construction costs incurred through August 31, 2022 and recorded as revenue. Additional site improvements are planned for fiscal year 2024.

NOTE 20 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 22, 2023, the date at which the financial statements were available to be issued.



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