

**MAKE-A-WISH FOUNDATION®
OF GREATER BAY AREA**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022



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**MAKE-A-WISH FOUNDATION® OF GREATER BAY AREA
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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 Greater Bay Area
Oakland, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Greater Bay Area (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 Greater Bay Area 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 Greater Bay Area 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 Greater Bay Area 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 Greater Bay Area'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 Greater Bay Area'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

Minneapolis, Minnesota
January 29, 2024

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

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 966,380	\$ 2,361,720
Investments	4,211,749	3,928,760
Due from Related Entities	180,640	126,507
Prepaid Expenses	284,304	195,089
Contributions Receivable, Net	1,026,087	1,522,635
Other Assets	3,158	28,626
Restricted Cash	-	417
Investments Held for Long-Term Purposes	2,115,931	1,948,118
Right-of-Use Assets - Operating	1,437,537	-
Right-of-Use Assets - Finance	7,194	-
Property and Equipment, Net	58,257	85,509
Total Assets	\$ 10,291,237	\$ 10,197,381
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 408,934	\$ 506,600
Due to Related Entities	100,186	73,820
Deferred Revenue	15,110	14,350
Deferred Rent	-	243,222
Lease Liability - Operating	1,642,736	-
Lease Liability - Financing	7,804	-
Capital Lease Obligations	-	12,452
Total Liabilities	2,174,770	850,444
NET ASSETS		
Without Donor Restrictions	5,006,765	5,894,392
With Donor Restrictions	3,109,702	3,452,545
Total Net Assets	8,116,467	9,346,937
Total Liabilities and Net Assets	\$ 10,291,237	\$ 10,197,381

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER BAY AREA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 4,704,748	\$ 69,246	\$ 4,773,994
Contributions, Donated Goods and Services	1,629,955	203,670	1,833,625
Grants	48,300	-	48,300
Total Public Support	6,383,003	272,916	6,655,919
Internal Special Events, Cash	1,458,120	-	1,458,120
Internal Special Events, Donated Goods and Services	4,366	-	4,366
Less: Costs of Direct Benefits to Donors	(452,211)	-	(452,211)
Total Internal Special Events	1,010,275	-	1,010,275
Investment Income, Net	50,420	195,233	245,653
Other Income	27,200	-	27,200
Net Assets Released from Restrictions	810,992	(810,992)	-
Total Revenues, Gains, and Other Support	8,281,890	(342,843)	7,939,047
EXPENSES			
Program Services:			
Wish Granting	5,473,714	-	5,473,714
Support Services:			
Fundraising	1,503,976	-	1,503,976
Management and General	2,191,827	-	2,191,827
Total Support Services	3,695,803	-	3,695,803
Total Expenses	9,169,517	-	9,169,517
CHANGE IN NET ASSETS	(887,627)	(342,843)	(1,230,470)
Net Assets - Beginning of Year	5,894,392	3,452,545	9,346,937
NET ASSETS - END OF YEAR	\$ 5,006,765	\$ 3,109,702	\$ 8,116,467

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER BAY AREA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 5,118,231	\$ 853,601	\$ 5,971,832
Contributions, Donated Goods and Services	1,415,312	162,097	1,577,409
Grants	69,710	-	69,710
Total Public Support	6,603,253	1,015,698	7,618,951
Internal Special Events, Cash	705,636	-	705,636
Internal Special Events, Donated Goods and Services	3,100	-	3,100
Less: Costs of Direct Benefits to Donors	(213,115)	-	(213,115)
Total Special Events	495,621	-	495,621
Investment Loss, Net	(523,381)	(310,429)	(833,810)
Forgiveness of Paycheck Protection Program Loan	455,700	-	455,700
Other Income	(11,978)	-	(11,978)
Net Assets Released from Restrictions	297,922	(297,922)	-
Total Revenues, Gains, and Other Support	7,317,137	407,347	7,724,484
EXPENSES			
Program Services:			
Wish Granting	4,583,116	-	4,583,116
Support Services:			
Fundraising	1,421,889	-	1,421,889
Management and General	1,812,589	-	1,812,589
Total Support Services	3,234,478	-	3,234,478
Total Expenses	7,817,594	-	7,817,594
CHANGE IN NET ASSETS	(500,457)	407,347	(93,110)
Net Assets - Beginning of Year	6,394,849	3,045,198	9,440,047
NET ASSETS - END OF YEAR	\$ 5,894,392	\$ 3,452,545	\$ 9,346,937

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER BAY AREA
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	\$ 3,922,256	\$ -	\$ -	\$ -	\$ -	\$ 3,922,256
Salaries, Taxes, and Benefits	900,105	933,442	1,500,175	2,433,617	-	3,333,722
Printing, Subscriptions, and Publications	1,475	37,167	3,037	40,204	-	41,679
Professional Fees	23,189	26,060	160,692	186,752	-	209,941
Rent and Utilities	164,018	170,093	273,363	443,456	-	607,474
Postage and Delivery	8,788	8,974	1,867	10,841	-	19,629
Travel	1,181	7,432	5,717	13,149	-	14,330
Meetings and Conferences	763	22,725	63,740	86,465	-	87,228
Office Supplies	26,326	7,969	5,140	13,109	-	39,435
Communications	11,890	11,510	18,445	29,955	-	41,845
Advertising and Media (Cash)	-	3,979	-	3,979	-	3,979
Advertising and Media (In-Kind)	-	37,250	-	37,250	-	37,250
Repairs and Maintenance	809	1,659	1,348	3,007	-	3,816
Insurance	197	-	-	-	-	197
Bad Debt Expense	-	71,600	-	71,600	-	71,600
Membership Dues	1,295	2,495	3,482	5,977	-	7,272
National Partnership Dues	400,632	91,573	80,126	171,699	-	572,331
Miscellaneous	2,869	61,890	61,592	123,482	-	126,351
Depreciation and Amortization	7,921	8,158	13,103	21,261	-	29,182
Special Event - Direct Donor Benefits	-	-	-	-	452,211	452,211
Total	5,473,714	1,503,976	2,191,827	3,695,803	452,211	9,621,728
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(452,211)	(452,211)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 5,473,714</u>	<u>\$ 1,503,976</u>	<u>\$ 2,191,827</u>	<u>\$ 3,695,803</u>	<u>\$ -</u>	<u>\$ 9,169,517</u>

See accompanying Notes to Financial Statements.

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

	Program	Support Services			Direct Donor Benefits	Total
	Services					
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 2,900,050	\$ -	\$ -	\$ -	\$ -	\$ 2,900,050
Salaries, Taxes, and Benefits	987,085	814,034	1,278,971	2,093,005	-	3,080,090
Printing, Subscriptions, and Publications	1,703	18,407	1,203	19,610	-	21,313
Professional Fees	5,243	27,045	121,626	148,671	-	153,914
Rent and Utilities	187,811	154,886	243,346	398,232	-	586,043
Postage and Delivery	11,406	4,621	2,114	6,735	-	18,141
Travel	175	5,931	1,274	7,205	-	7,380
Meetings and Conferences	1,191	16,024	18,532	34,556	-	35,747
Office Supplies	51,928	7,401	7,747	15,148	-	67,076
Communications	14,006	10,592	16,949	27,541	-	41,547
Advertising and Media (Cash)	-	4,729	-	4,729	-	4,729
Advertising and Media (In-Kind)	-	215,371	-	215,371	-	215,371
Repairs and Maintenance	670	553	868	1,421	-	2,091
Insurance	1,405	-	-	-	-	1,405
Membership Dues	1,571	2,356	3,575	5,931	-	7,502
National Partnership Dues	401,469	72,488	83,639	156,127	-	557,596
Miscellaneous	8,972	60,498	21,820	82,318	-	91,290
Depreciation and Amortization	8,431	6,953	10,925	17,878	-	26,309
Special Event Expenses	-	-	-	-	213,115	213,115
Total	4,583,116	1,421,889	1,812,589	3,234,478	213,115	8,030,709
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(213,115)	(213,115)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 4,583,116</u>	<u>\$ 1,421,889</u>	<u>\$ 1,812,589</u>	<u>\$ 3,234,478</u>	<u>\$ -</u>	<u>\$ 7,817,594</u>

See accompanying Notes to Financial Statements.

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,230,470)	\$ (93,110)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) in Operating Activities:		
Depreciation and Amortization	29,182	26,309
Forgiveness of Paycheck Protection Program Loan	-	(455,700)
Bad Debts Expense	71,600	-
Contributions Restricted for Long-Term Investment	(62,623)	(11,483)
Contributed Property and Equipment and Inventory	-	(2,066)
Net Realized and Unrealized (Gains) Losses on Investments	(95,759)	962,769
Loss on Sale of Property and Equipment	533	-
Change in Operating Right-of-Use Assets and Lease Liabilities	212,470	-
(Increase) Decrease in Assets:		
Contributions Receivable	424,948	(726,779)
Government Receivable	-	128,977
Due from Related Entities	(54,133)	(12,134)
Prepaid Expenses	(89,215)	15,264
Other Assets	25,468	(694)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(97,666)	124,439
Due to Related Entities	26,366	62,906
Deferred Revenue	760	14,350
Deferred Rent	(243,222)	(21,181)
Net Cash Provided (Used) by Operating Activities	(1,081,761)	11,867
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(7,320,128)	(7,579,743)
Proceeds from Sales of Investments	6,965,085	6,670,011
Purchases of Property and Equipment	(9,124)	(31,120)
Net Cash Used by Investing Activities	(364,167)	(940,852)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on ROU Obligations - Financing	(12,452)	-
Contributions Restricted for Long-Term Investment	62,623	11,483
Principal Payments on Capital Lease Obligations	-	(4,366)
Net Cash Provided by Financing Activities	50,171	7,117
DECREASE IN CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH	(1,395,757)	(921,868)
Cash and Cash Equivalents, and Restricted Cash - Beginning of Year	2,362,137	3,284,005
CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 966,380	\$ 2,362,137

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Greater Bay Area (the Foundation) is a California 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 (GAAP) applicable to nonprofit entities.

Cash and Cash Equivalents and Restricted Cash

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Restricted cash represents monies that are restricted for the endowment.

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-restricted net assets unless its use is limited by donor-imposed restrictions or law.

The Foundation's investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that those changes could be material to be 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.

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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 lives of the asset or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

Fair Value Measurements

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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.

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$452,211 and \$213,115 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 \$316,210 and \$168,573, 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. There were no conditional promises to give as of August 31, 2023 and 2022.

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 GREATER BAY AREA
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:

	<u>2023</u>	<u>2022</u>
Wish Related Travel, Goods, and Services	\$ 1,758,663	\$ 1,306,935
Professional Services	-	11,195
Advertising and Media	37,250	215,371
Special Events	4,376	3,100
Other	37,702	43,908
Total Contributed Nonfinancial Assets and Services	<u>\$ 1,837,991</u>	<u>\$ 1,580,509</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 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.

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.

Cash Flows

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the totals of the same such amounts shown in the statements of cash flows:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 966,380	\$ 2,361,720
Restricted Cash	-	417
Total	<u>\$ 966,380</u>	<u>\$ 2,362,137</u>

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and California taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and Section 65 of the California Revised Statutes. 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 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.

Deferred Rent (ASC 840)

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$243,222 at August 31, 2022.

MAKE-A-WISH FOUNDATION® OF GREATER BAY AREA
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 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.

	<u>2023</u>	<u>2022</u>
Total Financial Assets	\$ 8,500,787	\$ 9,888,157
Donor Imposed Restrictions:		
Restricted Funds	(943,769)	(1,456,734)
Endowments	(2,165,933)	(1,995,811)
Total	<u>(3,109,702)</u>	<u>(3,452,545)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 5,391,085</u>	<u>\$ 6,435,612</u>

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

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

Financial assets include cash and cash equivalents, investments, due from related entities, contribution 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.

Our 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.

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 audit and finance committee, which oversees the Foundation's investment program in accordance with established guidelines.

MAKE-A-WISH FOUNDATION® OF GREATER BAY AREA
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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy

The following tables presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at August 31:

		2023			Assets Not Measured at	Total
		Level 1	Level 2	Level 3	Fair Value	
Assets:						
Investments:						
Mutual Funds	\$	590,568	\$ -	\$ -	\$ -	\$ 590,568
Exchange-Traded Funds		2,265,534	-	-	-	2,265,534
Equity Securities		2,403,584	-	-	-	2,403,584
Certificate of Deposit		-	-	-	655,100	655,100
Cash		-	-	-	412,894	412,894
Total		\$ 5,259,686	\$ -	\$ -	\$ 1,067,994	\$ 6,327,680
		2022			Assets Not Measured at	Total
		Level 1	Level 2	Level 3	Fair Value	
Assets:						
Investments:						
Mutual Funds	\$	592,483	\$ -	\$ -	\$ -	\$ 592,483
Exchange-Traded Funds		1,564,876	-	-	-	1,564,876
Debt Securities		2,983,280	-	-	-	2,983,280
Certificate of Deposit		-	-	-	636,326	636,326
Cash		-	-	-	99,913	99,913
Total		\$ 5,140,639	\$ -	\$ -	\$ 736,239	\$ 5,876,878

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at a rate of 4.2% at August 31, 2023 and 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	\$	656,905	\$ 867,786
One to Five Years		389,945	689,750
Gross Contributions Receivable		1,046,850	1,557,536
Less: Discount to Present Value		(20,763)	(34,901)
Contributions Receivable, Net		\$ 1,026,087	\$ 1,522,635

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

NOTE 5 CONTRIBUTIONS RECEIVABLE (CONTINUED)

47% of the outstanding contributions receivables totaling \$490,336 is from three donors for the year ended August 31, 2023. 26% of the outstanding contributions receivables totaling \$405,000 are from two donors for the year ended August 31, 2022.

Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2023 and 2022.

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2023 and 2022, respectively, the Foundation received \$1,724,792 and \$1,588,512 from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation® of America pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$697,702 and \$934,203 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 \$27,200 and \$16,600, 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:

	<u>2023</u>	<u>2022</u>
Balance - August 31:		
Due from National Organization	\$ 125,533	\$ 92,835
Due from Other Chapters	55,107	33,672
Total Due from Related Entities	<u>\$ 180,640</u>	<u>\$ 126,507</u>
Due to National Organization	\$ 7,585	\$ 18,968
Due to Other Chapters	92,601	54,852
Total Due to Related Entities	<u>\$ 100,186</u>	<u>\$ 73,820</u>

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

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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

During the years ended August 31, 2023 and 2022, the Foundation received contributions, both cash and in-kind, from board members totaling \$502,484 and \$629,096, respectively. At August 31, 2023 and 2022, amounts due from board members totaled \$335,738 and \$750,737, 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 \$465,127 and \$198,466 for the years ended August 31, 2023 and 2022, respectively. Amounts due to related parties as of August 31, 2023 and 2022 totaled \$92,601 and \$54,852, respectively, and are included in accounts payable in the accompanying statements of financial position.

NOTE 7 PROPERTY AND EQUIPMENT

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

	2023	2022
Computer Equipment and Software	\$ 82,846	\$ 84,207
Office Furniture and Equipment	145,662	177,173
Total	228,508	261,380
Less: Accumulated Depreciation and Amortization	(170,251)	(175,871)
Property and Equipment, Net	\$ 58,257	\$ 85,509

Depreciation and amortization expense totaled \$29,182 and \$26,309 for the years ended August 31, 2023 and 2022, respectively.

NOTE 8 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 2026.

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

NOTE 8 LEASES (CONTINUED)

Lease Agreements – ASC 842 (Continued)

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

	2023
Lease Cost:	
Finance Lease Cost:	
Amortization of Right-of-Use Assets	\$ 4,646
Interest on Lease Liabilities	647
Operating Lease Cost	519,930
Total Lease Cost	\$ 525,223

Other Information:

Cash Paid for Amounts Included in the Measurement
of Lease Liabilities

Operating Cash Flows from Financing Leases	\$ 647
Operating Cash Flows from Operating Leases	\$ 557,954
Financing Cash Flows from Financing Leases	\$ 4,687
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 1,895,855
Weighted-Average Remaining Leases Term - Financing Leases	2.8 Years
Weighted-Average Remaining Lease Term - Operating Leases	2.9 Years
Weighted-Average Discount Rate - Financing Leases	6.50%
Weighted-Average Discount Rate - Operating Leases	3.30%

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	\$ 573,875	\$ 3,117
2025	591,091	2,704
2026	556,697	2,704
Total Lease Payments	1,721,663	8,525
Less: Imputed Interest	(78,927)	(721)
Present Value of Lease Liabilities	\$ 1,642,736	\$ 7,804

Lease Agreements – ASC 840

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through August 31, 2026. As of August 31, 2022, the cost of leased property and equipment under capital leases was \$21,241 and accumulated depreciation was \$12,452. Total rent expense for all operating leases for the years ended August 31, 2022 totaled \$585,319.

MAKE-A-WISH FOUNDATION® OF GREATER BAY AREA
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 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	\$ 203,670	\$ 167,749
Subject to Passage of Time: Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	740,099	1,288,985
Endowments: Subject to Endowment Spending Policy and Appropriation: Earnings on Endowment Funds	845,927	738,428
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity: General Operations	<u>1,320,006</u>	<u>1,257,383</u>
Total Endowments	<u>2,165,933</u>	<u>1,995,811</u>
Total Donor Restricted Net Assets	<u>\$ 3,109,702</u>	<u>\$ 3,452,545</u>

NOTE 10 ENDOWMENTS

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

The Foundation's endowment consists of one donor-restricted endowment. 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 GREATER BAY AREA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the California 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 is as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 2,165,933	\$ 2,165,933
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 1,995,811	\$ 1,995,811

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ -	\$ 1,995,811	\$ 1,995,811
Net Investment Return	-	107,499	107,499
Contributions	-	62,623	62,623
Endowment Funds - End of Year	\$ -	\$ 2,165,933	\$ 2,165,933

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

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ -	\$ 2,244,757	\$ 2,244,757
Net Investment Return	-	(310,429)	(310,429)
Contributions	-	61,483	61,483
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 1,995,811</u>	<u>\$ 1,995,811</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 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% plus inflation annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The annual disbursement is expected to be 5% of the average of the prior 12 quarters. 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 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. There were no disbursements from the endowments for the years ended August 31, 2023 and 2022.

MAKE-A-WISH FOUNDATION® OF GREATER BAY AREA
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AUGUST 31, 2023 AND 2022

NOTE 11 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain 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 \$93,938 and \$98,462, respectively.

NOTE 12 CONCENTRATIONS OF CREDIT RISK

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

There were no revenue concentrations in the year ended August 31, 2023. Contributions totaling \$2,735,502 from two donors were received for the year ended August 31, 2022 which represents 33% of raised revenue which consists of total public support and gross internal special event revenue. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 13 LITIGATION AND CLAIMS

The Foundation is periodically involved in litigation and claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position, change in net assets, or liquidity.

NOTE 14 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal years ended August 31, 2023 and 2022, the Foundation granted 307 and 274 wishes, respectively. As of the end of the year, there were approximately 585 and 543 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2023 was \$7,032 in cash and \$5,561 in in-kind for a total cost of \$12,593. The average cost of a wish for the year ended August 31, 2022 was \$5,943 in cash and \$3,238 in in-kind for a total cost of \$9,181.

MAKE-A-WISH FOUNDATION® OF GREATER BAY AREA
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NOTE 15 RISKS AND UNCERTAINTIES

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

As of September 15, 2021, in consultation with the NMAC, the pause on domestic travel to large gatherings was lifted, if travel occurred by automobile. The pause on airline travel was lifted December 1, 2021 with a graduated approach with full domestic travel resuming June of 2022. International and cruise wish travel is still paused as of August 31, 2023. Prior to fiscal year 2020, travel wishes have been approximately 84% of wishes granted and the number of granted wishes averaged approximately 374. The number of wishes granted during the years ended August 31, 2023 and 2022 was 307 and 274, respectively.

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

NOTE 16 PAYCHECK PROTECTION PROGRAM

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$455,700 loan. The loan was received on March 14, 2021. The loan accrues interest at 1%, with the first 10 months of interest deferred, has a term of five years and is unsecured and guaranteed by the Small Business Administration. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation received forgiveness of \$455,700 on September 9, 2021.

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

NOTE 17 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 29, 2024, the date at which the financial statements were available to be issued.



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