

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



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**MAKE-A-WISH FOUNDATION® OF HAWAII
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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 Hawaii
Honolulu, Hawaii

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Hawaii (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 Hawaii 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 Hawaii 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 Hawaii'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 Hawaii'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 Hawaii'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.

Board of Directors
Make-A-Wish Foundation® of Hawaii

Emphasis of Matter – Correction of an Error

As discussed in Note 18 to the financial statements, an error related to recording of contribution revenue and an error related to wish related expenses were discovered. Accordingly, total net assets were increased by \$100,584 as of August 31, 2022. Our opinion is not modified with respect to that matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
March 14, 2024

MAKE-A-WISH FOUNDATION® OF HAWAII
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2023 AND 2022 (RESTATED)

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 935,885	\$ 1,333,082
Investments	2,939,507	3,550,791
Due from Related Entities	3,061,298	1,448,627
Prepaid Expenses	60,374	126,742
Contributions Receivable, Net	120,569	316,625
Other Assets	61,722	29,137
Investments Held for Long-Term Purposes	188,511	120,638
Right-of-Use Assets - Operating	834,763	-
Right-of-Use Assets - Finance	17,769	-
Property and Equipment, Net	216,331	45,613
Total Assets	\$ 8,436,729	\$ 6,971,255
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 865,972	\$ 609,758
Due to Related Entities	10,182	3,217
Other Liabilities	5,369	-
Lease Liability - Operating	868,800	-
Lease Liability - Financing	18,068	-
Total Liabilities	1,768,391	612,975
NET ASSETS		
Without Donor Restrictions	6,067,259	5,680,795
With Donor Restrictions	601,079	677,485
Total Net Assets	6,668,338	6,358,280
Total Liabilities and Net Assets	\$ 8,436,729	\$ 6,971,255

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 1,280,120	\$ 57,010	\$ 1,337,130
Contributions, Donated Goods, and Services	471,223	106,569	577,792
Grants	195,750	-	195,750
Total Public Support	1,947,093	163,579	2,110,672
Internal Special Events - Cash	1,604,266	-	1,604,266
Internal Special Events, Donated Goods, and Services	327,679	-	327,679
Less: Costs of Direct Benefits to Donors	(608,058)	-	(608,058)
Total Internal Special Events	1,323,887	-	1,323,887
Investment Income, Net	186,920	10,863	197,783
Other Income	1,366,449	-	1,366,449
Net Assets Released from Restrictions	250,848	(250,848)	-
Total Revenues, Gains, and Other Support	5,075,197	(76,406)	4,998,791
EXPENSES			
Program Services:			
Wish Granting	2,995,822	-	2,995,822
Support Services:			
Fundraising	872,328	-	872,328
Management and General	817,769	-	817,769
Total Support Services	1,690,097	-	1,690,097
Total Expenses	4,685,919	-	4,685,919
OTHER LOSSES			
Loss on Disposal of Equipment	2,814	-	2,814
CHANGE IN NET ASSETS	386,464	(76,406)	310,058
Net Assets - Beginning of Year	5,680,795	677,485	6,358,280
NET ASSETS - END OF YEAR	\$ 6,067,259	\$ 601,079	\$ 6,668,338

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF HAWAII
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022 (RESTATED)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 2,349,438	\$ 6,000	\$ 2,355,438
Contributions, Donated Goods and Services	580,150	230,085	810,235
Grants	<u>643,783</u>	<u>-</u>	<u>643,783</u>
Total Public Support	3,573,371	236,085	3,809,456
Internal Special Events, Cash	930,576	-	930,576
Internal Special Events, Donated Goods and Services	300,755	-	300,755
Less: Costs of Direct Benefits to Donors	<u>(406,141)</u>	<u>-</u>	<u>(406,141)</u>
Total Internal Special Events	825,190	-	825,190
Investment Income, Net	(441,714)	(25,748)	(467,462)
Forgiveness of Paycheck Protection Program Loan	353,152	-	353,152
Other Income	607,895	-	607,895
Net Assets Released from Restrictions	<u>62,118</u>	<u>(62,118)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	4,980,012	148,219	5,128,231
EXPENSES			
Program Services:			
Wish Granting	2,323,690	-	2,323,690
Support Services:			
Fundraising	664,204	-	664,204
Management and General	<u>687,350</u>	<u>-</u>	<u>687,350</u>
Total Support Services	1,351,554	-	1,351,554
Total Expenses	<u>3,675,244</u>	<u>-</u>	<u>3,675,244</u>
OTHER LOSSES			
Loss on Disposal of Equipment	<u>2,800</u>	<u>-</u>	<u>2,800</u>
CHANGE IN NET ASSETS	1,301,968	148,219	1,450,187
Net Assets - Beginning of Year - As Previously Reported	4,378,827	508,503	4,887,330
Correction of an Error	<u>-</u>	<u>20,763</u>	<u>20,763</u>
Net Assets - Beginning of Year - As Corrected	<u>4,378,827</u>	<u>529,266</u>	<u>4,908,093</u>
NET ASSETS - END OF YEAR	<u>\$ 5,680,795</u>	<u>\$ 677,485</u>	<u>\$ 6,358,280</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF HAWAII
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	\$ 1,369,221	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,369,221
Salaries, Taxes, and Benefits	1,223,688	522,918	427,377	950,295	-	-	2,173,983
Printing, Subscriptions, and Publications	7,618	31,285	1,162	32,447	-	-	40,065
Professional Fees	913	55,793	90,951	146,744	-	-	147,657
Rent and Utilities	83,027	40,221	32,381	72,602	-	-	155,629
Postage and Delivery	2,435	2,958	326	3,284	-	-	5,719
Travel	7,339	15,977	38,918	54,895	-	-	62,234
Meetings and Conferences	1,226	7,250	29,943	37,193	-	-	38,419
Office Supplies	19,236	2,965	2,979	5,944	-	-	25,180
Communications	15,987	7,236	5,844	13,080	-	-	29,067
Advertising and Media (Cash)	-	495	-	495	-	-	495
Advertising and Media (In-Kind)	-	32,000	-	32,000	-	-	32,000
Repairs and Maintenance	781	383	310	693	-	-	1,474
Membership Dues	145	72	438	510	-	-	655
National Partnership Dues	234,052	53,497	46,810	100,307	-	-	334,359
Miscellaneous	18,393	93,509	135,783	229,292	-	-	247,685
Depreciation and Amortization	11,761	5,769	4,547	10,316	-	-	22,077
Special Event - Direct Donor Benefits	-	-	-	-	608,058	-	608,058
Total Expenses by Function	<u>2,995,822</u>	<u>872,328</u>	<u>817,769</u>	<u>1,690,097</u>	<u>608,058</u>	<u>608,058</u>	<u>5,293,977</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:							
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(608,058)</u>	<u>(608,058)</u>	<u>(608,058)</u>
 Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,995,822</u>	<u>\$ 872,328</u>	<u>\$ 817,769</u>	<u>\$ 1,690,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,685,919</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF HAWAII
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2022 (RESTATED)**

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 1,086,789	\$ -	\$ -	\$ -	\$ -	\$ 1,086,789
Salaries, Taxes, and Benefits	837,473	490,327	469,050	959,377	-	1,796,850
Printing, Subscriptions, and Publications	7,292	23,736	1,042	24,778	-	32,070
Professional Fees	34,777	16,395	80,593	96,988	-	131,765
Rent and Utilities	98,690	39,744	36,792	76,536	-	175,226
Postage and Delivery	2,055	2,556	(239)	2,317	-	4,372
Travel	3,247	1,761	2,611	4,372	-	7,619
Meetings and Conferences	17,562	5,994	9,073	15,067	-	32,629
Office Supplies	23,030	1,818	922	2,740	-	25,770
Communications	7,069	2,713	2,181	4,894	-	11,963
Advertising and Media (Cash)	-	31	-	31	-	31
Repairs and Maintenance	3,899	1,734	1,277	3,011	-	6,910
Membership Dues	-	335	630	965	-	965
National Partnership Dues	170,766	30,833	35,576	66,409	-	237,175
Miscellaneous	16,849	40,220	43,011	83,231	-	100,080
Depreciation and Amortization	14,192	6,007	4,831	10,838	-	25,030
Special Event - Direct Donor Benefits	-	-	-	-	406,141	406,141
Total Expenses by Function	<u>2,323,690</u>	<u>664,204</u>	<u>687,350</u>	<u>1,351,554</u>	<u>406,141</u>	<u>4,081,385</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(406,141)</u>	<u>(406,141)</u>
 Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,323,690</u>	<u>\$ 664,204</u>	<u>\$ 687,350</u>	<u>\$ 1,351,554</u>	<u>\$ -</u>	<u>\$ 3,675,244</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF HAWAII
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2023 AND 2022 (RESTATED)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 310,058	\$ 1,450,187
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	16,609	25,030
Amortization of Right-of-Use Asset, Finance Lease	5,468	-
Forgiveness of Paycheck Protection Program Loan	-	(353,152)
Contributions Restricted for Long-Term Investment	(57,010)	-
Net Realized and Unrealized (Gains) Losses on Investments	(149,992)	489,815
Loss on Disposal of Property and Equipment	2,814	2,800
Contributed Other Assets and Property and Equipment	(35,792)	(1,603)
Change in Operating Right-of-Use Assets and Lease Liabilities	34,037	-
(Increase) Decrease in Assets:		
Contributions Receivable	196,056	(231,579)
Due from Related Entities	(1,612,671)	(1,399,707)
Prepaid Expenses	66,368	(87,123)
Other Assets	(361)	2,329
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	256,214	385,922
Due to Related Entities	6,965	2,868
Other Liabilities	5,369	(37,550)
Net Cash Provided (Used) by Operating Activities	(955,868)	248,237
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(809,290)	(1,577,939)
Proceeds from Sales of Investments	1,502,693	1,551,301
Purchases of Property and Equipment	(186,573)	(16,432)
Net Cash Provided (Used) by Investing Activities	506,830	(43,070)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Long-Term Investment	57,010	-
Principal Payments on Finance Lease Obligations	(5,169)	-
Net Cash Provided by Financing Activities	51,841	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(397,197)	205,167
Cash and Cash Equivalents - Beginning of Year	1,333,082	1,127,915
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 935,885	\$ 1,333,082
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest Expense	\$ 695	\$ -
Contributed Property and Inventory	\$ 35,792	\$ 1,603
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 880,906	\$ -
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	\$ 23,237	\$ -

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Hawaii (the Foundation) is a Hawaii 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

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, Net

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 HAWAII
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Foundation determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the statements of financial position.

ROU assets represent the Foundation’s right to use an underlying asset for the lease term and lease liabilities represent the Foundation’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease terms. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Foundation has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Foundation has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Property and Equipment, Net

Property and equipment having a unit cost of greater than \$1,000 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. 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 three to seven 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 HAWAII
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

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

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

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

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

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

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor-) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources 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 HAWAII
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

Revenue is recognized on the accrual basis and generally consists of contributions, special event revenue, in-kinds, and other income.

An internal special event is a fundraising event coordinated and staffed by Foundation personnel rather than a third-party support group or organization. It is designed to attract people for the purpose of raising mission awareness, for increasing funding from existing donors, and the cultivation of future donors.

Special event revenue consists of registrations, sponsorships, and other contributions. The exchange element of the special event revenue was approximately \$608,000 and \$406,000 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 statements of activities. The amount of auction items received and sold during the years ended August 31, 2023 and 2022 totaled \$167,913 and \$113,052, 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 as of August 31, 2023 and 2022 were \$-0- and \$50,000, respectively.

MAKE-A-WISH FOUNDATION® OF HAWAII
NOTES TO FINANCIAL STATEMENTS
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	\$ 425,616	\$ 669,162
Professional Services	-	650
Contributed Office Space	16,308	114,144
Advertising and Media	-	-
Special Events	327,679	300,755
Property and Equipment	3,568	-
Other	132,300	26,279
Total Contributed Nonfinancial Assets and Services	\$ 905,471	\$ 1,110,990

Wish related travel, goods and 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 services in the Foundation's market.

Professional services relate to donated photography used for support services 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 support services.

Donated advertising and media are reported at the estimated fair value as provided by the donor based on rates charged for similar advertising and media. Advertising and media is used for both program and support services. Advertising and media is used to help the Foundation communicate its message or mission and includes fundraising materials, informational materials, or advertising, and may be in the form of an audio or video recording of a public service announcement, a layout for a publication, 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions: Donated Goods and Services (Continued)

Property and equipment items donated consist of equipment and leasehold improvements and are valued using estimated fair value based on current market rates for similar items in the Foundation's market.

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

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Hawaii state income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and the Hawaii state tax code. 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 informational 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 specific programs or fundraising activities, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

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

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

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.

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

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 (Restated)
Total Financial Assets	\$ 7,245,770	\$ 6,769,763
Donor-Imposed Restrictions:		
Restricted Funds	(412,568)	(556,847)
Endowments	(188,511)	(120,638)
Net Financial Assets after Donor-Imposed Restrictions	6,644,691	6,092,278
Internal Designations:		
Board-Designated Endowment Funds	(104,188)	(96,611)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 6,540,503	\$ 5,995,667

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

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

Board-designated endowment funds of \$104,188 and \$96,611, respectively, at August 31, 2023 and 2022 are subject to an annual spending as described in Note 11. Although the Foundation does not intend to spend from the board-designated endowment funds (other than amounts appropriated for general expenditure as part of the board of director's annual budget approval and appropriation), these amounts could be made available if necessary.

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.

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

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value of Financial Instruments (Continued)

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.

Fair Value Hierarchy

The following table presents the fair value hierarchy of assets that are measured at fair value on a recurring basis, at August 31:

	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2023</u>					
Investments:					
Mutual Funds	\$ 32,759	\$ -	\$ -	\$ -	\$ 32,759
Exchange-Traded Funds	713,275	-	-	-	713,275
Equity Securities	1,738,923	-	-	-	1,738,923
Debt Securities	-	236,945	-	-	236,945
Cash	-	-	-	406,116	406,116
Total Investments	<u>\$ 2,484,957</u>	<u>\$ 236,945</u>	<u>\$ -</u>	<u>\$ 406,116</u>	<u>\$ 3,128,018</u>
<u>August 31, 2022</u>					
Investments:					
Mutual Funds	\$ 25,430	\$ -	\$ -	\$ -	\$ 25,430
Exchange-Traded Funds	718,465	-	-	-	718,465
Equity Securities	1,550,821	-	-	-	1,550,821
Debt Securities	-	246,678	-	-	246,678
Certificates of Deposit	-	-	-	1,101,057	1,101,057
Cash	-	-	-	28,978	28,978
Total Investments	<u>\$ 2,294,716</u>	<u>\$ 246,678</u>	<u>\$ -</u>	<u>\$ 1,130,035</u>	<u>\$ 3,671,429</u>

MAKE-A-WISH FOUNDATION® OF HAWAII
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2023 and 2022 were \$120,569 and \$316,625 (Restated), respectively. One donor and two donors make up 88% and 70% of contributions receivable as of August 31, 2023 and August 31, 2022, respectively. All contributions receivable are due within the next 12 months.

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 recognized \$292,981 and \$413,481 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 \$389,251 and \$278,632 were recognized as expense for such services 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 originating chapter. Under this program, the Foundation recognized \$1,289,310 and \$569,980, respectively, for the years ended August 31, 2023 and 2022, which is recorded in the accompanying statements of activities as Other Income.

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

	2023	2022
Due from National Organization	\$ 43,003	\$ 37,169
Due from Other Chapters	3,018,295	1,411,458
Total Due from Related Entities	\$ 3,061,298	\$ 1,448,627
Due to National Organization	\$ 4,670	\$ 279
Due to Other Chapters	5,512	2,938
Total Due to Related Entities	\$ 10,182	\$ 3,217

MAKE-A-WISH FOUNDATION® OF HAWAII
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 \$169,053 and \$133,279, respectively.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2023	2022
Computer Equipment and Software	\$ 91,152	\$ 76,112
Other Equipment	152,097	198,383
Leasehold Improvements	26,073	60,642
Total	269,322	335,137
Less: Accumulated Depreciation and Amortization	(52,991)	(289,524)
Property and Equipment, Net	\$ 216,331	\$ 45,613

Depreciation and amortization expense totaled \$16,609 and \$25,030, respectively, for the years ended August 31, 2023 and 2022.

NOTE 8 NOTES PAYABLE

The Foundation has a secured line of credit with a financial institution totaling \$700,000, bearing interest at 4.25% and will expire on June 1, 2024. There was no outstanding balance on this line of credit as of August 31, 2023 and 2022.

NOTE 9 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, including expected renewals, expire at various dates through April 2035.

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

NOTE 9 LEASES (CONTINUED)

Lease Agreements – ASC 842 (Continued)

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

Lease Cost:

Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$	5,468
Interest on Lease Liabilities		695
Operating Lease Cost		75,944
Total Lease Cost	<u>\$</u>	<u>82,107</u>

Other Information:

Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating Cash Flows from Financing Leases	\$	695
Operating Cash Flows from Operating Leases	\$	41,906
Financing Cash Flows from Financing Leases	\$	5,169
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities	\$	23,237
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$	880,906
Weighted-Average Remaining Leases Term - Financing Leases		3.2 years
Weighted Average Remaining Lease Term - Operating Leases		11.6 years
Weighted-Average Discount Rate - Financing Leases		3.41%
Weighted-Average Discount Rate - Operating Leases		4.07%

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	\$ 86,625	\$ 5,864
2025	87,150	5,864
2026	88,725	5,864
2027	90,300	1,466
2028	91,875	-
Thereafter	652,575	-
Total Lease Payments	<u>1,097,250</u>	<u>19,058</u>
Less: Imputed Interest	(228,450)	(990)
Present Value of Lease Liabilities	<u>\$ 868,800</u>	<u>\$ 18,068</u>

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

NOTE 9 LEASES (CONTINUED)

Lease Agreements – ASC 840

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through December 2026. Total rent expense for all operating leases for the year ended August 31, 2022 totaled \$162,927.

NOTE 10 NET ASSETS

Net Assets Without Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Board-Designated Endowment Funds	<u>\$ 104,188</u>	<u>\$ 96,611</u>

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> (Restated)
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 412,568	\$ 556,847
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	6,651	(4,212)
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Wish Granting	<u>181,860</u>	<u>124,850</u>
Total	<u>188,511</u>	<u>120,638</u>
Total Donor-Restricted Net Assets	<u>\$ 601,079</u>	<u>\$ 677,485</u>

NOTE 11 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.

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

NOTE 11 ENDOWMENTS (CONTINUED)

The Foundation's endowment consists of three and two individual funds as of August 31, 2023 and 2022, respectively, established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment assets, both donor-restricted and board-designated, are reflected as Investments Held for Long-Term Purposes on the statements of financial position.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted 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 earnings on donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of 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:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>August 31, 2023</u>			
Donor-Restricted Endowment Funds	\$ -	\$ 188,511	\$ 188,511
Board-Designated Endowment Funds	104,188	-	104,188
Total Funds	<u>\$ 104,188</u>	<u>\$ 188,511</u>	<u>\$ 292,699</u>
<u>August 31, 2022</u>			
Donor-Restricted Endowment Funds	\$ -	\$ 120,638	\$ 120,638
Board-Designated Endowment Funds	96,611	-	96,611
Total Funds	<u>\$ 96,611</u>	<u>\$ 120,638</u>	<u>\$ 217,249</u>

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

NOTE 11 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

<u>August 31, 2023</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Funds - Beginning of Year	\$ 96,611	\$ 120,638	\$ 217,249
Investment Return:			
Investment Income	1,089	2,762	3,851
Net Appreciation (Realized and Unrealized)	6,488	8,101	14,589
Total Investment Return	<u>7,577</u>	<u>10,863</u>	<u>18,440</u>
Contributions	-	57,010	57,010
Endowment Funds - End of Year	<u>\$ 104,188</u>	<u>\$ 188,511</u>	<u>\$ 292,699</u>
<u>August 31, 2022</u>			
Endowment Funds - Beginning of Year	\$ 117,230	\$ 146,385	\$ 263,615
Investment Return:			
Investment Income	887	1,108	1,995
Net Appreciation (Realized and Unrealized)	(21,506)	(26,855)	(48,361)
Total Investment Return	<u>(20,619)</u>	<u>(25,747)</u>	<u>(46,366)</u>
Endowment Funds - End of Year	<u>\$ 96,611</u>	<u>\$ 120,638</u>	<u>\$ 217,249</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. As of August 31, 2022, one endowment fund is underwater by \$4,212.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment fund(s) while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

MAKE-A-WISH FOUNDATION® OF HAWAII
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year any investment income earned or generated from its endowment funds.

NOTE 12 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 3% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2023 and 2022 were \$33,359 and \$27,226, respectively.

NOTE 13 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.

For the year-end August 31, 2023, no donor represented more than 10% of raised revenue. Contributions totaling \$750,000 were received from a single donor for the year ended August 31, 2022, which represents 16% total 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 14 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the years ending August 31, 2023 and 2022, the Foundation granted 85 and 72 wishes, respectively. As of August 31, 2023 and 2022, respectively, there were approximately 95 and 110 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2023 was \$9,657 in cash and \$7,128 in in-kind for a total cost of \$16,785. The average cost of a wish for the year ended August 31, 2022 was \$7,794 in cash and \$5,983 in in-kind for a total cost of \$13,777.

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

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 the Foundation's vulnerable population and their families. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic.

On September 15, 2021, in consultation with the NMAC, the pause on domestic travel and 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 2022. International and cruise wish travel is still paused as of August 31, 2023. Prior to fiscal year 2020, travel wishes accounted for approximately 84% of the Foundation's granted wishes and the number of granted wishes averaged approximately 94.

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

NOTE 16 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$353,152 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 February 5, 2021. The loan accrued interest at 1%, with the first 10 months of interest deferred, had a term of five years, and was unsecured and guaranteed by the Small Business Administration. The Foundation was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation received forgiveness of \$353,152 on December 7, 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 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 (IRS). The Foundation recognized \$451,477 (Restated) of grant revenue related to performance requirements being met in compliance with the program during the year ended August 31, 2022.

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

NOTE 17 EMPLOYEE RETENTION CREDIT (CONTINUED)

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

NOTE 18 CORRECTION OF ERRORS

Errors related to recording of contribution revenue and wish expenses were discovered for the year ended August 31, 2022. An Employee Retention Tax Credit payment was recorded as revenue when the cash was collected instead of when the conditions were met. Cash and in-kind expenses for wishes are expensed in the year the wish is granted. However, there were cash and in-kind wish costs recorded in prior years when paid or the commitment was made. A summary of the corrections as of and for the year-ended August 31, 2022, are included in the following table:

	2022	Corrections	2022 (Restated)
Prepaid Expenses	\$ 66,271	\$ 60,471	\$ 126,742
Contributions Receivable	276,513	40,112	316,625
Contributions, Donated Goods and Services With Donor Restrictions	220,963	9,122	230,085
Other Income	597,668	10,227	607,895
Wish Granting Expenses	2,393,283	(69,593)	2,323,690
Change in Net Assets Without Donor Restrictions	1,231,270	70,698	1,301,968
Change in Net Assets With Donor Restrictions	139,097	9,122	148,219
Total Change in Net Assets	1,370,367	79,820	1,450,187
Beginning Net Assets With Donor Restrictions	508,503	20,763	529,266
Ending Net Assets Without Donor Restrictions	5,610,097	70,698	5,680,795
Ending Net Assets With Donor Restrictions	647,600	29,885	677,485

The August 31, 2022 financial statements have been updated to reflect these corrections.

NOTE 19 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through March 14, 2024, the date at which the financial statements were available to be issued.



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