MAKE-A-WISH FOUNDATION® OF SAN DIEGO

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022

MAKE-A-WISH FOUNDATION® OF SAN DIEGO
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of San Diego
San Diego, California

Report on the Audit of the Financial Statements

Opinion

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

Board of Directors
Make-A-Wish Foundation® of San Diego

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 San Diego'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 San Diego'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

CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 12, 2024

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

	2023	2022
ASSETS		
Cash and Cash Equivalents	$ 800,346	$ 1,127,344
Investments	5,330,569	5,477,153
Due from Related Entities	305,219	302,777
Prepaid Expenses	309,541	153,180
Contributions Receivable, Net	272,334	218,184
Other Assets	110,644	39,524
Right-of-Use Assets - Operating	924,371	-
Property and Equipment, Net	131,946	182,564
Beneficial Interest in Assets Held by Others	298,823	492,559
Investments Held for Long-Term Purposes	1,065,681	1,024,458
Total Assets	$ 9,549,474	$ 9,017,743
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 331,439	$ 408,017
Due to Related Entities	193,974	67,224
Deferred Rent Expense	-	87,254
Deferred Revenue	67,805	181,668
Lease Liability - Operating	1,014,683	-
Total Liabilities	1,607,901	744,163
NET ASSETS		
Without Donor Restrictions	6,303,858	6,527,390
With Donor Restrictions	1,637,715	1,746,190
Total Net Assets	7,941,573	8,273,580
Total Liabilities and Net Assets	$ 9,549,474	$ 9,017,743

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions - Cash	$ 2,152,744	$ -	$ 2,152,744
Contributions - Donated Goods and Services	981,062	197,334	1,178,396
Grants	294,490		294,490
Total Public Support	3,428,296	197,334	3,625,630
Internal Special Events	1,870,772	-	1,870,772
Internal Special Events - Donated Goods and Services	102,646	-	102,646
Less: Costs of Direct Benefits to Donors	(431,983)	-	(431,983)
Total Special Events	1,541,435	-	1,541,435
Net Investment Income	472,323	91,222	563,545
Change in Value of Beneficial Interest Held by Others	31,571	-	31,571
Other Income	108,725	-	108,725
Net Assets Released from Restrictions	397,031	(397,031)	-
Total Revenues, Gains, and Other Support	5,979,381	(108,475)	5,870,906
EXPENSES			
Program Services:			
Wish Granting	4,319,813	-	4,319,813
Total Program Services	4,319,813	-	4,319,813
Support Services:			
Fundraising	836,853	-	836,853
Management and General	1,046,247	-	1,046,247
Total Support Services	1,883,100	-	1,883,100
Total Expenses	6,202,913	-	6,202,913
CHANGE IN NET ASSETS	(223,532)	(108,475)	(332,007)
Net Assets - Beginning of Year	6,527,390	1,746,190	8,273,580
NET ASSETS - END OF YEAR	$ 6,303,858	$ 1,637,715	$ 7,941,573

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions - Cash	$ 2,460,123	$ -	$ 2,460,123
Contributions - Donated Goods and Services	495,169	159,134	654,303
Grants	294,624	(385)	294,239
Total Public Support	3,249,916	158,749	3,408,665
Internal Special Events - Cash	1,717,659	-	1,717,659
Internal Special Events - Donated Goods and Services	120,160	-	120,160
Less: Costs of Direct Benefits to Donors	(434,310)	-	(434,310)
Total Special Events	1,403,509	-	1,403,509
Net Investment Loss	(1,046,237)	(193,994)	(1,240,231)
Change in Value of Beneficial Interest Held by Others	(53,071)		(53,071)
Forgiveness of Paycheck Protection Program Loan	310,995	-	310,995
Other Income	62,914	-	62,914
Loss on Disposal of Property	(5,149)		(5,149)
Net Assets Released from Restrictions	192,095	(192,095)	-
Total Revenues, Gains, and Other Support	4,114,972	(227,340)	3,887,632
EXPENSES			
Program Services:			
Wish Granting	3,528,639	-	3,528,639
Total Program Services	3,528,639	-	3,528,639
Support Services:			
Fundraising	646,094	-	646,094
Management and General	879,399	-	879,399
Total Support Services	1,525,493	-	1,525,493
Total Expenses	5,054,132	-	5,054,132
CHANGE IN NET ASSETS	(939,160)	(227,340)	(1,166,500)
Net Assets - Beginning of Year	7,466,550	1,973,530	9,440,080
NET ASSETS - END OF YEAR	$ 6,527,390	$ 1,746,190	$ 8,273,580

See accompanying Notes to Financial Statements.

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

	Program Servcies	Support Services				
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	$ 2,594,093	$ -	$ -	$ -	$ -	$ 2,594,093
Salaries, Taxes, and Benefits	1,056,840	382,931	785,150	1,168,081	-	2,224,921
Printing, Subscriptions, and Publications	5,657	33,137	15,835	48,972	-	54,629
Professional Fees	10,190	9,435	77,688	87,123	-	97,313
Rent and Utilities	128,456	56,340	40,565	96,905	-	225,361
Postage and Delivery	4,805	5,228	4,079	9,307	-	14,112
Travel	9,302	8,329	5,928	14,257	-	23,559
Meetings and Conferences	10,531	45,862	9,077	54,939	-	65,470
Office Supplies	67,368	13,879	3,474	17,353	-	84,721
Communications	14,000	5,380	6,441	11,821	-	25,821
Advertising and Media (Cash)	-	15,191	-	15,191	-	15,191
Advertising and Media (In-Kind)	-	25,500	-	25,500	-	25,500
Repairs and Maintenance	2,999	1,374	1,274	2,648	-	5,647
Bad Debt Expense	-	30,000	-	30,000		30,000
Membership Dues	189	83	60	143	-	332
National Partnership Dues	304,018	69,490	60,804	130,294	-	434,312
Miscellaneous	81,249	121,426	26,246	147,672	-	228,921
Depreciation and Amortization	30,116	13,268	9,626	22,894	-	53,010
Special Event - Direct Donor Benefits				-	431,983	431,983
Total	4,319,813	836,853	1,046,247	1,883,100	431,983	6,634,896
Less: Expenses Netted Against Revenues on Statement of Activities:						
Special Event Expenses	-	-	-	-	(431,983)	(431,983)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 4,319,813	$ 836,853	$ 1,046,247	$ 1,883,100	$ -	$ 6,202,913

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services				
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	$ 2,147,313	$ -	$ -	$ -	$ -	$ 2,147,313
Salaries, Taxes, and Benefits	879,082	344,591	681,262	1,025,853	-	1,904,935
Printing, Subscriptions, and Publications	15,470	32,298	1,918	34,216	-	49,686
Professional Fees	32,221	16,212	69,440	85,652	-	117,873
Rent and Utilities	107,284	53,658	32,789	86,447	-	193,731
Postage and Delivery	4,723	15,755	1,333	17,088	-	21,811
Travel	6,357	4,943	3,350	8,293	-	14,650
Meetings and Conferences	35,321	17,125	5,504	22,629	-	57,950
Office Supplies	33,822	10,271	4,510	14,781	-	48,603
Communications	12,580	5,833	5,236	11,069	-	23,649
Advertising and Media (Cash)	-	650	-	650		650
Advertising and Media (In-Kind)	-	8,390	-	8,390		8,390
Repairs and Maintenance	2,355	1,321	2,376	3,697	-	6,052
Membership Dues	837	827	167	994	-	1,831
National Partnership Dues	215,492	38,908	44,894	83,802	-	299,294
Miscellaneous	11,849	82,825	15,560	98,385	-	110,234
Depreciation and Amortization	23,933	12,487	11,060	23,547	-	47,480
Special Event - Direct Donor Benefits	-	-	-	-	434,310	434,310
Total	3,528,639	646,094	879,399	1,525,493	434,310	5,488,442
Less: Expenses Netted Against Revenues on Statement of Activities: Special Event Expenses	-	-	-	-	(434,310)	(434,310)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 3,528,639	$ 646,094	$ 879,399	$ 1,525,493	$ -	$ 5,054,132

See accompanying Notes to Financial Statements.

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (332,007)	$ (1,166,500)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	53,010	47,480
Forgiveness of Paycheck Protection Program Loan	-	(310,995)
Net Realized and Unrealized (Gains) Losses on Investments	(464,378)	1,447,562
Gain on Sale of Property and Equipment	-	5,149
Change in Value of Beneficial Interest in Assets Held by Others	(31,571)	-
Change in Operating Right-of-Use Assets and Lease Liabilities	3,058	-
Changes in Assets and Liabilities:		
Contributed Property and Equipment, Inventory, and Investments	(1,500)	-
Contributions Receivable	(54,150)	(135,196)
Due from Related Entities	(2,442)	(183,256)
Prepaid Expenses	(156,361)	15,162
Other Assets	(71,120)	(27,763)
Accounts Payable and Accrued Expenses	(76,578)	146,566
Due to Related Entities	126,750	64,310
Deferred Rent	-	87,254
Deferred Revenue	(113,863)	(107,213)
Net Cash Used by Operating Activities	(1,121,152)	(117,440)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(125,763)	(231,467)
Proceeds from Sales of Investments	695,502	642,704
Purchases of Property and Equipment	(892)	(95,360)
Disposition of Assets Held at Community Foundation	225,307	-
Net Cash Provided by Investing Activities	794,154	315,877
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(326,998)	198,437
Cash and Cash Equivalents - Beginning of Year	1,127,344	928,907
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 800,346	$ 1,127,344
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	$ 1,074,482	$ -

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of San Diego (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. In addition, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

Contributions Receivable

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

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.

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 useful life of more than one year are capitalized at cost when purchased for more than $500. 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 five years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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.

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.

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 $431,983 and $434,310 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 $260,735 and $99,080, 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

Contributions: Donated Goods and Services

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

	2023	2022
Wish Related Travel, Goods, and Services	$ 1,031,651	$ 598,894
Advertising and Media	15,250	8,390
Special Events	102,646	129,543
Property and Equipment	1,500	3,460
Volunteer/Board Appreciation & Training	72,786	29,179
General Wish Supplies	11,578	1,996
Other	45,631	3,001
Total Contributed Nonfinancial Assets and Services	$ 1,281,042	$ 774,463

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.

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

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

Special event donated items are donated items recorded at fair value that are used in facilitating the event. Examples of such donated items are generally food, beverage, facility costs, and auction items. The Foundation estimates the fair value of these donated items based on the current market rates for similar items in the Foundation's market.

Property and equipment items donated consist of Sony cameras and were valued using fair market value.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions: Donated Goods and Services (Continued)

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

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and California income taxes under the provisions of Internal Revenue Code Section (IRC) 501(c)(3) and Section 23701d of the California Revenue and Taxation 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 unrelated trade or business, in the opinion of management, is not material to the financial statement 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 one state jurisdiction.

Functional Expenses

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

Wish Granting

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

Fundraising

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

Management and General

All costs not identifiable with a specific 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 $87,254 at August 31, 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.

NOTE 3 LIQUIDITY AND AVAILABILITY

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

	2023	2022
Total Financial Assets	$ 7,774,149	$ 8,642,475
Donor-Imposed Restrictions:		
Restricted Funds	(562,525)	(660,903)
Promises to Give Due in Over One Year	-	(30,000)
Endowments	(1,065,681)	(1,024,458)
Net Financial Assets after Donor-Imposed Restrictions	6,145,943	6,927,114
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 6,145,943	$ 6,927,114

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

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

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

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

The fair values of the financial instruments shown in the following table as of August 31, 2023 and 2022 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation’s own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows, 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 finance committee, which oversees the Foundation’s investment program in accordance with established guidelines.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy

The following table presents the placement in 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	Total
August 31, 2023				
Assets				
Investments:				
Mutual Funds	$ 6,396,250	$ -	$ -	$ 6,396,250
Beneficial Interests in				
Assets Held by Others	-	-	298,823	298,823
Total Investments	6,396,250	-	298,823	6,695,073
Total Assets	$ 6,396,250	$ -	$ 298,823	$ 6,695,073
August 31, 2022				
Assets				
Investments:				
Mutual Funds	$ 6,501,611	$ -	$ -	$ 6,501,611
Beneficial Interests in				
Assets Held by Others	-	-	492,559	492,559
Total Investments	6,501,611	-	492,559	6,994,170
Total Assets	$ 6,501,611	$ -	$ 492,559	$ 6,994,170

The following table presents a roll forward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the years ended August 31:

	2023	2022
Purchases	$ -	$ 2,739
Transfer Out	(211,736)	(6,367)

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

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

Quantitative Information About Level 3 Fair Value Measurements

Type of Assets	Fair Value at August 31, 2023	Principal Valuation Technique	Unobservable Inputs
Beneficial Interests in Trusts Held by Others	$ 298,823	Fair Value of Underlying Assets	
Total	$ 298,823		

Type of Assets	Fair Value at August 31, 2022	Principal Valuation Technique	Unobservable Inputs
Beneficial Interests in Trusts Held by Others	$ 492,559	Fair Value of Underlying Assets	
Total	$ 492,559		

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates of 3.27% at August 31, 2022. No discount is considered necessary at August 31, 2023 as all amounts are due within one year.

The following is a summary of the Foundation’s contributions receivable at August 31:

	2023	2022
Total Amounts Due in:		
Within One Year	$ 272,334	$ 189,134
One to Five Years	-	30,000
Gross Contributions Receivable	272,334	219,134
Less: Discount to Present Value	-	(950)
Contributions Receivable, Net	$ 272,334	$ 218,184

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 SPLIT-INTEREST AGREEMENTS

Beneficial Interests in Assets Held by Others

In November 2008, the Foundation transferred $100,000 to The San Diego Foundation (TSDF). Distributions of income earned from TSDF are to be made semiannually, in March and September, or upon request after an allocation period, in amount determined by TSDF's board of directors based on earnings as defined in the agreement, to support the mission of the Foundation. In August of 2021, the Foundation transferred an additional $83,000 to TSDF.

In July 2017, the Foundation transferred $100,000 to the Jewish Community Foundation (JCF). Distributions of income earned or principal shall be distributed upon written direction by two duly authorized officers or directors of the Foundation.

In September 2017, the Foundation transferred $100,000 to the Rancho Santa Fe Foundation (RSF). The Foundation shall appoint an advisory committee to advise on the distribution of income earned from RSF.

In May 2023, the Foundation withdrew $109,730 from the Jewish Community Foundation and $102,006 from the Rancho Santa Fe Foundation.

See Note 4 for fair value information on beneficial interest in assets held by others.

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and whitemail 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 $641,480 and $599,851 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 $566,459 and $397,987 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 $108,725 and $59,600 for the years ended August 31, 2023 and 2022, respectively, which is recorded in the accompanying statements of activities as Other Income.

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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

	2023	2022
Due from National Organization	$ 72,564	$ 76,865
Due from Other Chapters	232,655	225,912
Total Due from Related Entities	$ 305,219	$ 302,777
Due to National Organization	$ 128,313	$ 1,846
Due to Other Chapters	65,661	65,378
Total Due to Related Entities	$ 193,974	$ 67,224

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 $293,535 and $262,498, respectively. Amounts paid to related parties for goods and services used in the Foundation's operations totaled $215,144 and $131,913 for the years ended August 31, 2023 and 2022, respectively. Amounts due to related parties as of August 31, 2023 and 2022 totaled $65,661 and $65,378, respectively, and are included in accounts payable in the accompanying statements of financial position.

NOTE 8 PROPERTY AND EQUIPMENT, NET

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

	2023	2022
Computer Equipment and Software	$ 42,493	$ 41,600
Office Furniture	208,466	206,967
Total	250,959	248,567
Less: Accumulated Depreciation and Amortization	(119,013)	(66,003)
Property and Equipment, Net	$ 131,946	$ 182,564

Depreciation and amortization expense totaled $53,010 and $47,480, respectively, for the years ended 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, noncancelable lease agreements. The leases expire at various dates through 2029.

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

Lease Cost:		
Operating Lease Cost	$	183,201
Total Lease Cost	$	183,201
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating Cash Flows from Operating Leases	$	180,144
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	$	1,074,482
Weighted-Average Remaining Lease Term - Operating Leases		5.6 years
Weighted-Average Discount Rate - Operating Leases		3.20%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of August 31, 2023, is as follows:

Year Ending August 31		Operating Leases
2024	$	185,528
2025		191,073
2026		196,268
2027		201,979
2028		210,686
Thereafter		123,865
Total Lease Payments		1,109,399
Less: Imputed Interest		(94,716)
Present Value of Lease Liabilities	$	1,014,683

Lease Agreements – ASC 840

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through March 31, 2029. Total rent expense for all operating leases for the year ended August 31, 2022 totaled $177,289.

NOTE 10 NET ASSETS

Net Assets With Donor Restrictions

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

	2023	2022
Subject to Expenditure for Specified Purpose:		
Wish Granting	$ 562,525	$ 660,903
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	9,509	60,829
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	65,681	24,458
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Tawney Endowment Fund	1,000,000	1,000,000
Total	1,065,681	1,024,458
Total Net Assets With Donor Restrictions	$ 1,637,715	$ 1,746,190

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.

The Foundation’s endowment consists of one individual fund established for a variety of donor-restricted purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets are reflected as investments held for long-term purposes on the statements of financial position.

NOTE 11 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:

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

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

August 31, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	$ -	$ 1,065,681	$ 1,065,681
Board-Designated Endowment Funds	-	-	-
Total Funds	$ -	$ 1,065,681	$ 1,065,681
August 30, 2022			
Donor-Restricted Endowment Funds	$ -	$ 1,024,458	$ 1,024,458
Board-Designated Endowment Funds	-	-	-
Total Funds	$ -	$ 1,024,458	$ 1,024,458

NOTE 11 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

August 31, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	$ -	$ 1,024,458	$ 1,024,458
Investment Return:			
Investment Income	-	19,777	19,777
Net Appreciation (Realized and Unrealized)	-	71,446	71,446
Total Investment Return	-	91,223	91,223
Appropriation of Endowment Asset for Expenditure	-	(50,000)	(50,000)
Endowment Funds - End of Year	$ -	$ 1,065,681	$ 1,065,681

August 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	$ -	$ 1,268,340	$ 1,268,340
Investment Return:			
Investment Income	-	23,931	23,931
Net Appreciation (Realized and Unrealized)	-	(217,813)	(217,813)
Total Investment Return	-	(193,882)	(193,882)
Appropriation of Endowment Asset for Expenditure	-	(50,000)	(50,000)
Endowment Funds - End of Year	$ -	$ 1,024,458	$ 1,024,458

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.

NOTE 11 ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment fund 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). 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 equal to or greater than the rate of inflation (Consumer Price Index) plus any spending and administrative expenses thus, at a minimum, maintaining the purchasing power of those assets managed by the Foundation. 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.

USpending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's average market value of the portfolio each year. The endowment's annual market value shall be calculated by averaging the portfolio's quarterly market values. After 36 months, the endowment's market value shall be calculated by averaging the market value of the portfolio over the prior 12 quarters. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 5% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. Additionally, the board of directors may approve amounts in excess of the spending policy for appropriation as needed.

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 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 contributions to the Plan for the years ended August 31, 2023 and 2022 were $66,580 and $55,224, 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.

There were no revenue concentrations in the year ended August 31, 2023. Contributions totaling $493,055, respectively, were received from one donor for the year ended August 31, 2022, which represents 13% 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 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 15 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 222 and 205 wishes, respectively. As of August 31, 2023 and 2022, respectively, there were approximately 283 and 320 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2023 was $7,819 cash and $3,888 in in-kind for a total cost of $11,707. The average cost of a wish for the year ended August 31, 2022 was $7,302 in cash and $1,696 in in-kind for a total cost of $8,998.

NOTE 16 RISKS AND UNCERTAINTIES

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

NOTE 16 RISKS AND UNCERTAINTIES (CONTINUED)

As of September 15, 2021, in consultation with the NMAC, the pause on domestic travel to large gatherings was lifted, if travel occurred by automobile. The pause on airline travel was lifted December 1, 2021 with a graduated approach with full domestic travel resuming June of 2022. International and cruise wish travel is still paused as of August 31, 2023. Prior to fiscal year 2020, travel wishes have been approximately 59% of wishes granted and the number of granted wishes averaged approximately 181. The number of wishes granted during the years ended August 31, 2023 and 2022 was 222 and 205, respectively.

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

NOTE 17 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through March 12, 2024, the date at which the financial statements were available to be issued.