

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,  
DELAWARE AND SUSQUEHANNA VALLEY**

**FINANCIAL STATEMENTS**

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



CPAs | CONSULTANTS | WEALTH ADVISORS

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**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,  
DELAWARE AND SUSQUEHANNA VALLEY  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of Philadelphia, Delaware and Susquehanna Valley  
Blue Bell, Pennsylvania

### Report on the Audit of the Financial Statements

#### **Opinion**

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

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



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
March 28, 2024

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,  
DELAWARE AND SUSQUEHANNA VALLEY  
STATEMENTS OF FINANCIAL POSITION  
AUGUST 31, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 460,844	\$ 941,332
Investments	3,970,781	3,719,586
Due from Related Entities	113,877	77,232
Prepaid Expenses	62,616	98,774
Contributions Receivable, Net	486,277	241,792
Other Assets	32,894	7,810
Split-Interest Agreements	3,316	3,077
Right-of-Use Assets - Operating	183,475	-
Right-of-Use Assets - Finance	6,068	-
Property and Equipment, Net	77,628	117,329
Total Assets	\$ 5,397,776	\$ 5,206,932
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 413,379	\$ 513,741
Due to Related Entities	60,819	49,192
Deferred Revenue	14,341	7,472
Deferred Lease Incentive	-	73,860
Deferred Rent	-	45,225
Lease Liability - Operating	264,729	-
Lease Liability - Financing	6,171	-
Total Liabilities	759,439	689,490
<b>NET ASSETS</b>		
Without Donor Restriction	4,265,959	4,275,437
With Donor Restriction	372,378	242,005
Total Net Assets	4,638,337	4,517,442
Total Liabilities and Net Assets	\$ 5,397,776	\$ 5,206,932

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,  
DELAWARE AND SUSQUEHANNA VALLEY  
STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2023**

	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Cash	\$ 3,520,732	\$ 9,167	\$ 3,529,899
Contributions, Donated Goods, and Services	1,574,173	244,292	1,818,465
Grants	370,078	66,796	436,874
Total Public Support	5,464,983	320,255	5,785,238
Internal Special Events	1,114,228	30,000	1,144,228
Less: Costs of Direct Benefits to Donors	(62,692)	-	(62,692)
Total Internal Special Events	1,051,536	30,000	1,081,536
Investment Income, Net	262,905	-	262,905
Other Income	5,800	-	5,800
Net Assets Released from Restrictions	220,121	(220,121)	-
Total Revenues, Gains, and Other Support	7,005,345	130,134	7,135,479
<b>EXPENSES</b>			
Program Services:			
Wish Granting	5,246,730	-	5,246,730
Total Program Services	5,246,730	-	5,246,730
Support Services:			
Fundraising	1,052,515	-	1,052,515
Management and General	714,297	-	714,297
Total Support Services	1,766,812	-	1,766,812
Total Expenses	7,013,542	-	7,013,542
<b>OTHER (GAINS) LOSSES</b>			
Change in Split Interest Agreements	-	(239)	(239)
Losses on Sale of Equipment	1,281	-	1,281
Total Other (Gains) Losses	1,281	(239)	1,042
<b>CHANGE IN NET ASSETS</b>	(9,478)	130,373	120,895
Net Assets - Beginning of Year	4,275,437	242,005	4,517,442
<b>NET ASSETS - END OF YEAR</b>	\$ 4,265,959	\$ 372,378	\$ 4,638,337

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,  
DELAWARE AND SUSQUEHANNA VALLEY  
STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2022**

	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Cash	\$ 3,972,593	\$ 47,982	\$ 4,020,575
Contributions, Donated Goods, and Services	648,012	143,716	791,728
Grants	374,011	50,000	424,011
Total Public Support	4,994,616	241,698	5,236,314
Internal Special Events	864,553	-	864,553
Internal Special Events, Donated Goods, and Services	50	-	50
Less: Costs of Direct Benefits to Donors	(10,679)	-	(10,679)
Total Internal Special Events	853,924	-	853,924
Investment Income, Net	(71,651)	-	(71,651)
Forgiveness of Paycheck Protection Program Loan	304,000	-	304,000
Other Income	3,365	-	3,365
Net Assets Released from Restrictions	47,357	(47,357)	-
Total Revenues, Gains, and Other Support	6,131,611	194,341	6,325,952
<b>EXPENSES</b>			
Program Services:			
Wish Granting	3,586,065	-	3,586,065
Total Program Services	3,586,065	-	3,586,065
Support Services:			
Fundraising	500,475	-	500,475
Management and General	877,864	-	877,864
Total Support Services	1,378,339	-	1,378,339
Total Expenses	4,964,404	-	4,964,404
<b>OTHER (GAINS) LOSSES</b>			
Change in Split Interest Agreements	-	1,170	1,170
Cost of Goods Sold	8,533	-	8,533
Losses on Sale of Equipment	1,269	-	1,269
Total Other Gains	9,802	1,170	10,972
<b>CHANGE IN NET ASSETS</b>	1,157,405	193,171	1,350,576
Net Assets - Beginning of Year	3,118,032	48,834	3,166,866
<b>NET ASSETS - END OF YEAR</b>	\$ 4,275,437	\$ 242,005	\$ 4,517,442

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,  
DELAWARE AND SUSQUEHANNA VALLEY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED AUGUST 31, 2023**

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 3,761,210	\$ -	\$ -	\$ -	\$ -	\$ 3,761,210
Salaries, Taxes, and Benefits	1,012,564	832,553	405,026	1,237,579	-	2,250,143
Printing, Subscriptions, and Publications	1,270	16,199	6,323	22,522	-	23,792
Professional Fees	5,447	6,938	167,342	174,280	-	179,727
Rent and Utilities	48,715	40,054	19,486	59,540	-	108,255
Postage and Delivery	9,531	2,750	478	3,228	-	12,759
Travel	1,580	15,265	9,071	24,336	-	25,916
Meetings and Conferences	218	10,941	9,666	20,607	-	20,825
Office Supplies	8,103	6,285	2,135	8,420	-	16,523
Communications	4,012	3,143	1,529	4,672	-	8,684
Advertising and Media (Cash)	-	1,613	-	1,613	-	1,613
Repairs and Maintenance	577	651	231	882	-	1,459
Membership Dues	-	550	-	550	-	550
National Partnership Dues	343,318	78,473	68,664	147,137	-	490,455
Miscellaneous	23,796	15,403	13,791	29,194	-	52,990
Depreciation and Amortization	26,389	21,697	10,555	32,252	-	58,641
Special Event - Direct Donor Benefits	-	-	-	-	62,692	62,692
Total Expenses by Function	5,246,730	1,052,515	714,297	1,766,812	62,692	7,076,234
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(62,692)	(62,692)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 5,246,730	\$ 1,052,515	\$ 714,297	\$ 1,766,812	\$ -	\$ 7,013,542

See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,  
DELAWARE AND SUSQUEHANNA VALLEY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED AUGUST 31, 2022**

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 2,316,777	\$ -	\$ -	\$ -	\$ -	\$ 2,316,777
Salaries, Taxes, and Benefits	896,556	311,595	622,838	934,433	-	1,830,989
Printing, Subscriptions, and Publications	505	33,740	879	34,619	-	35,124
Professional Fees	172	40,184	106,288	146,472	-	146,644
Rent and Utilities	59,558	20,718	41,401	62,119	-	121,677
Postage and Delivery	6,400	3,442	1,234	4,676	-	11,076
Travel	780	8,466	3,269	11,735	-	12,515
Meetings and Conferences	230	15,098	4,703	19,801	-	20,031
Office Supplies	17,974	2,643	3,467	6,110	-	24,084
Communications	6,434	1,812	3,622	5,434	-	11,868
Advertising and Media (Cash)	-	150	-	150	-	150
Repairs and Maintenance	2,230	775	1,801	2,576	-	4,806
National Partnership Dues	247,013	44,600	51,461	96,061	-	343,074
Miscellaneous	6,372	8,548	19,498	28,046	-	34,418
Depreciation and Amortization	25,064	8,704	17,403	26,107	-	51,171
Special Event - Direct Donor Benefits	-	-	-	-	10,679	10,679
Total Expenses by Function	<u>3,586,065</u>	<u>500,475</u>	<u>877,864</u>	<u>1,378,339</u>	<u>10,679</u>	<u>4,975,083</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(10,679)	(10,679)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,586,065</u>	<u>\$ 500,475</u>	<u>\$ 877,864</u>	<u>\$ 1,378,339</u>	<u>\$ -</u>	<u>\$ 4,964,404</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,  
DELAWARE AND SUSQUEHANNA VALLEY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED AUGUST 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 120,895	\$ 1,350,576
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	54,596	51,171
Amortization of Right-of-Use Asset, Finance Lease	4,045	-
Net Realized and Unrealized (Gains) Losses on Investments	(145,536)	93,800
Loss on Disposal of Property and Equipment	1,281	1,269
Change in Value of Split-Interest Agreements	(239)	1,170
Forgiveness of Paycheck Protection Program Loan	-	(304,000)
Contribution of Other Assets	(21,496)	9,085
Change in Discount to Present Value of Contributions Receivable	(825)	2,018
Change in Operating Right-of-Use Assets and Lease Liabilities	(37,831)	-
(Increase) Decrease in Assets:		
Contributions Receivable	(243,660)	(178,760)
Due from Related Entities	(36,645)	(21,770)
Prepaid Expenses	36,158	52,311
Other Assets	(3,588)	(2,068)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(100,362)	182,572
Due to Related Entities	11,627	48,448
Deferred Revenue	6,869	7,472
Deferred Lease Incentive	-	(26,069)
Deferred Rent	-	(8,288)
Net Cash Provided (Used) by Operating Activities	(354,711)	1,258,937
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(3,188,940)	(1,852,027)
Proceeds from Sales of Investments	3,083,281	531,595
Purchases of Property and Equipment	(16,176)	(14,495)
Net Cash Used by Investing Activities	(121,835)	(1,334,927)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Finance Lease Obligations	(3,942)	-
Net Cash Used by Financing Activities	(3,942)	-
<b>NET DECREASE IN CASH AND CASH EQUIVALENT</b>	(480,488)	(75,990)
Cash and Cash Equivalents - Beginning of Year	941,332	1,017,322
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 460,844	\$ 941,332
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Contributed Other Assets	\$ 21,496	\$ -
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 276,955	\$ -
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	\$ 10,113	\$ -
Cash Paid for Interest	\$ 273	\$ -

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,  
DELAWARE AND SUSQUEHANNA VALLEY  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2023 AND 2022**

**NOTE 1 ORGANIZATION**

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**Investments**

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in net assets without donor restrictions net assets unless its use is limited by donor-imposed restrictions or law.

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

**Contributions Receivable**

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

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,  
DELAWARE AND SUSQUEHANNA VALLEY  
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 greater than \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment 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 5 to 10 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 PHILADELPHIA,  
DELAWARE AND SUSQUEHANNA VALLEY  
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.

*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 restrictions when the net 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 PHILADELPHIA,  
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NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2023 AND 2022**

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

**Net Assets (Continued)**

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

**Revenue Recognition**

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

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

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was approximately \$63,000 and \$11,000 for the years ended August 31, 2023 and 2022, respectively. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met which is the occurrence of the event.

The Foundation receives auction items to be sold at its special events. Contributed auction items are valued at the gross selling price received and the value is included in internal special event revenue on the statement of activities. The amount of auction items received and sold during the years ended August 31, 2023 and 2022 totaled \$27,073 and \$10,702, respectively.

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.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,  
DELAWARE AND SUSQUEHANNA VALLEY  
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:

	<u>2023</u>	<u>2022</u>
Wish Related Travel, Goods, and Services	\$ 1,795,841	\$ 790,828
Special Events	-	50
Other	<u>22,624</u>	<u>900</u>
Total Contributed Nonfinancial Assets and Services	<u>\$ 1,818,465</u>	<u>\$ 791,778</u>

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

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

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

**Income Taxes**

The Foundation is a nonprofit organization exempt from federal income and Pennsylvania income taxes under the provisions of Internal Revenue Code Section 501(c)(3). However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2023 and 2022. The Foundation files income tax returns in the U.S. federal jurisdiction, and applicable state jurisdictions.

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

**Functional Expenses**

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

**Wish Granting**

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

**Fundraising**

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

**Management and General**

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

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

**Deferred Lease Incentive (ASC 840)**

This represents the unamortized portion of leasehold improvements that were contributed to the Foundation by its landlord during the year ending August 31, 2019. The corresponding leasehold improvement assets are recorded in property and equipment on the accompanying statement of financial position. The unamortized deferred lease incentive was \$73,860 at August 31, 2022.

**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 \$45,225 at August 31, 2022.

**Management Estimates**

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



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

**Adoption of Accounting Pronouncement**

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

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

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

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

**NOTE 3 LIQUIDITY AND AVAILABILITY**

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

	<u>2023</u>	<u>2022</u>
Total Financial Assets	\$ 5,031,779	\$ 4,979,942
Donor Imposed Restrictions:		
Restricted Funds	<u>(369,062)</u>	<u>(238,928)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 4,662,717</u>	<u>\$ 4,741,014</u>

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

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**NOTE 4 FAIR VALUE MEASUREMENTS**

**Fair Value of Financial Instruments**

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

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

**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:

<u>August 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Assets Not Held at Fair Value</u>	<u>Total</u>
Investments:					
Mutual Funds	\$ 2,979,036	\$ -	\$ -	\$ -	\$ 2,979,036
Certificates of Deposit	-	976,118	-	-	976,118
Cash	-	-	-	15,627	15,627
Total Investments	2,979,036	976,118	-	15,627	3,970,781
Split-Interest Agreements	-	-	3,316	-	3,316
Total Assets	<u>\$ 2,979,036</u>	<u>\$ 976,118</u>	<u>\$ 3,316</u>	<u>\$ 15,627</u>	<u>\$ 3,974,097</u>

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

**Fair Value Hierarchy (Continued)**

<u>August 31, 2022</u>	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
Investments:					
Mutual Funds	\$ 2,586,667	\$ -	\$ -	\$ -	\$ 2,586,667
Certificates of Deposit	-	1,131,493	-	-	1,131,493
Cash	-	-	-	1,426	1,426
Total Investments	2,586,667	1,131,493	-	1,426	3,719,586
Split-Interest Agreements	-	-	3,077	-	3,077
Total Assets	<u>\$ 2,586,667</u>	<u>\$ 1,131,493</u>	<u>\$ 3,077</u>	<u>\$ 1,426</u>	<u>\$ 3,722,663</u>

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

Contributions receivable include pledges that have been discounted at 4.20% to 3.27%, respectively, at August 31, 2023 and 2022. For the years ended August 31, 2023 and 2022 two donors and three donors were 67% and 94% of the contributions receivable balance, respectively. The following is a summary of the Foundation's contributions receivable at August 31:

	<u>2023</u>	<u>2022</u>
Total Amounts Due in:		
Within One Year	\$ 467,470	\$ 208,810
One to Five Years	20,000	35,000
Gross Contributions Receivable	487,470	243,810
Less Discount to Present Value	(1,193)	(2,018)
Contributions Receivable, Net	<u>\$ 486,277</u>	<u>\$ 241,792</u>

**NOTE 6 SPLIT-INTEREST AGREEMENTS**

**Charitable Gift Annuities**

Donors have contributed assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the terms of such agreements, no trust exists, as the assets received are held by and the liability is an obligation of the Foundation. The Foundation records contribution revenue using the fair value of the assets less the present value of the payments expected to be made to the beneficiaries. The present value of payments to beneficiaries under these arrangements is calculated using present value techniques. The discount rate used for the years ended August 31, 2023 and 2022 was 4.40%.

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**NOTE 7 TRANSACTIONS WITH RELATED ENTITIES**

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, and other miscellaneous revenues. During the years ended August 31, 2023 and 2022, respectively, the Foundation received \$1,266,278 and \$1,340,291 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 Organizations pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$597,389 and \$433,188 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 \$5,800 and \$2,850, 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:

	<u>2023</u>	<u>2022</u>
Due from National Organization	\$ 96,923	\$ 60,808
Due from Other Chapters	16,954	16,424
Total Due from Related Entities	<u>\$ 113,877</u>	<u>\$ 77,232</u>
Due to National Organization	\$ 5,278	\$ 773
Due to Other Chapters	55,541	48,419
Total Due to Related Entities	<u>\$ 60,819</u>	<u>\$ 49,192</u>

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

During the years ended August 31, 2023 and 2022, the Foundation received contributions, both cash and in-kind, from board members totaling \$181,844 and \$179,038, respectively. At August 31, 2023 and 2022, amounts due from board members totaled \$5,000 and \$10,000, respectively, and are included in contributions receivable in the accompanying statements of financial position.

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**NOTE 8 PROPERTY AND EQUIPMENT, NET**

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

	<u>2023</u>	<u>2022</u>
Computer Equipment and Software	\$ 31,715	\$ 38,034
Property and Equipment	66,116	105,581
Leasehold Improvements	197,839	193,009
Total	<u>295,670</u>	<u>336,624</u>
Less: Accumulated Depreciation and Amortization	<u>(218,042)</u>	<u>(219,295)</u>
Property and Equipment, Net	<u>\$ 77,628</u>	<u>\$ 117,329</u>

Depreciation and amortization expense totaled \$58,641 and \$51,171, 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, non-cancelable lease agreements. The leases expire at various dates through July 2025.

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

	<u>2023</u>
Lease Cost:	
Finance Lease Cost:	
Amortization of Right-of-Use Assets	\$ 4,045
Interest on Lease Liabilities	273
Operating Lease Cost	<u>104,201</u>
Total Lease Cost	<u>\$ 108,519</u>

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**NOTE 9 LEASES (CONTINUED)**

**Lease Agreements – ASC 842 (Continued)**

Other Information:

Cash Paid for Amounts Included in the Measurement of Lease Liabilities:

Operating Cash Flows from Financing Leases	\$	273
Operating Cash Flows from Operating Leases	\$	142,033
Financing Cash Flows from Financing Leases	\$	3,942
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities	\$	10,113
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$	276,955
Weighted-Average Remaining Leases Term - Financing Leases		1.4 Years
Weighted Average Remaining Lease Term - Operating Leases		1.9 Years
Weighted-Average Discount Rate - Financing Leases		3.43%
Weighted-Average Discount Rate - Operating Leases		3.30%

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

<u>Year Ending August 31,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>
2024	\$ 142,173	\$ 4,215
2025	130,628	2,107
Total Lease Payments	272,801	6,322
Less: Imputed Interest	(8,072)	(151)
Present Value of Lease Liabilities	<u>\$ 264,729</u>	<u>\$ 6,171</u>

**Lease Agreements – ASC 840**

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through July 2025. Total rent expense for all operating leases for the year ended August 31, 2022 totaled \$126,483.

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**NOTE 10 NET ASSETS**

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	\$ 296,088	\$ 188,716
Subject to the Passage of Time:		
Beneficial Interests in Charitable Trusts Held by Others	3,316	3,077
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	72,974	50,212
Total Net Assets with Donor Restrictions	\$ 372,378	\$ 242,005

**NOTE 11 RETIREMENT PLAN**

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code limitations. The Foundation matches employee contributions up to 4% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2023 and 2022 were \$30,371 and \$23,382, respectively.

**NOTE 12 CONCENTRATIONS OF CREDIT RISK**

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

**NOTE 13 COMMITMENTS**

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal years ending August 31, 2023 and 2022, the Foundation granted 330 and 277 wishes, respectively. As of August 31, 2023 and 2022, respectively, there were approximately 350 and 355 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2023 was \$6,257 in cash and \$4,456 in in-kind for a total cost of \$10,713. The average cost of a wish for the year ended August 31, 2022 was \$5,146 in cash and \$1,476 in in-kind for total cost of \$6,622.

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**NOTE 14 RISKS AND UNCERTAINTIES**

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

As of September 15, 2021, in consultation with the NMAC, the pause on domestic travel to large gatherings was lifted, if travel occurred by automobile. The pause on airline travel was lifted December 1, 2021 with a graduated approach with full domestic travel resuming June of 2022. International and cruise wish travel is still paused as of August 31, 2023. Prior to fiscal year 2020, travel wishes have been approximately 82% of wishes granted and the number of granted travel wishes averaged approximately 276. The number of wishes granted during the years ended August 31, 2023 and 2022 was 330 and 277, respectively.

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

**NOTE 15 PAYCHECK PROTECTION PROGRAM**

The Foundation applied for and was approved for a \$304,000 loan under second round of the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was received on January 19, 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 \$304,000 on October 19, 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 16 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through March 28, 2024, the date at which the financial statements were available to be issued.





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