

**MAKE-A-WISH FOUNDATION®
OF THE TRI-COUNTIES, INC.**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
TABLE OF CONTENTS
YEARS ENDED AUGUST 31, 2023 AND 2022

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of the Tri-Counties, Inc.
Camarillo, California

Report on the Audit of the Financial Statements

Opinion

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

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAGlobal.com/disclaimer](https://www.claglobal.com/disclaimer).

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 the Tri-Counties, Inc.'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 the Tri-Counties, Inc.'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
May 14, 2024

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 303,925	\$ 514,310
Investments	2,258,173	2,487,793
Due from Related Entities	218,500	23,889
Prepaid Expenses	36,508	60,961
Contributions Receivable, Net	26,992	11,227
Right-of-Use Assets - Operating	257,305	-
Right-of-Use Assets - Finance	6,378	-
Other Assets	12,633	28,781
Property and Equipment, Net	13,358	19,257
Total Assets	\$ 3,133,772	\$ 3,146,218
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 90,529	\$ 92,465
Due to Related Entities	49,129	54,951
Deferred Revenue	30,313	156,500
Deferred Rent	-	613
Lease Liability - Operating	260,571	-
Lease Liability - Financing	6,489	-
Total Liabilities	437,031	304,529
NET ASSETS		
Without Donor Restrictions	2,669,749	2,830,462
With Donor Restrictions	26,992	11,227
Total Net Assets	2,696,741	2,841,689
Total Liabilities and Net Assets	\$ 3,133,772	\$ 3,146,218

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 593,342	\$ -	\$ 593,342
Contributions, Donated Goods and Services	350,631	26,992	377,623
Grants	351,950	-	351,950
Total Public Support	1,295,923	26,992	1,322,915
Internal Special Events, Cash	1,016,621	-	1,016,621
Internal Special Events, Donated Goods and Services	70,793	-	70,793
Less: Costs of Direct Benefits to Donors	(668,495)	-	(668,495)
Total Internal Special Events	418,919	-	418,919
Investment Income, Net	120,587	-	120,587
Other Income	9,180	-	9,180
Net Assets Released from Restrictions	11,227	(11,227)	-
Total Revenues, Gains, and Other Support	1,855,836	15,765	1,871,601
EXPENSES			
Program Services:			
Wish Granting	1,516,643	-	1,516,643
Support Services:			
Fundraising	180,143	-	180,143
Management and General	319,763	-	319,763
Total Support Services	499,906	-	499,906
Total Expenses	2,016,549	-	2,016,549
CHANGE IN NET ASSETS	(160,713)	15,765	(144,948)
Net Assets - Beginning of Year	2,830,462	11,227	2,841,689
NET ASSETS - END OF YEAR	\$ 2,669,749	\$ 26,992	\$ 2,696,741

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 644,768	\$ -	\$ 644,768
Contributions, Donated Goods and Services	157,167	11,227	168,394
Grants	185,088	-	185,088
Total Public Support	987,023	11,227	998,250
Internal Special Events	888,532	-	888,532
Internal Special Events, Donated Goods and Services	30,559	-	30,559
Less: Costs of Direct Benefits to Donors	(480,408)	-	(480,408)
Total Internal Special Events	438,683	-	438,683
Investment Income, Net	(315,432)	-	(315,432)
Forgiveness of Paycheck Protection Program Loan	83,565	-	83,565
Other Income	9,466	-	9,466
Total Revenues, Gains, and Other Support	1,203,305	11,227	1,214,532
EXPENSES			
Program Services:			
Wish Granting	1,222,861	-	1,222,861
Support Services:			
Fundraising	221,433	-	221,433
Management and General	226,043	-	226,043
Total Support Services	447,476	-	447,476
Total Expenses	1,670,337	-	1,670,337
CHANGE IN NET ASSETS	(467,032)	11,227	(455,805)
Net Assets - Beginning of Year	3,297,494	-	3,297,494
NET ASSETS - END OF YEAR	\$ 2,830,462	\$ 11,227	\$ 2,841,689

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
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	\$ 893,720	\$ -	\$ -	\$ -	\$ -	\$ 893,720
Salaries, Taxes, and Benefits	390,695	70,590	179,748	250,338	-	641,033
Printing, Subscriptions, and Publications	11,995	13,683	5,228	18,911	-	30,906
Professional Fees	31,536	6,345	54,615	60,960	-	92,496
Rent and Utilities	46,169	8,340	20,878	29,218	-	75,387
Postage and Delivery	3,430	1,285	1,401	2,686	-	6,116
Travel	6,062	2,529	12,253	14,782	-	20,844
Meetings and Conferences	4,521	6,839	5,423	12,262	-	16,783
Office Supplies	19,171	694	1,877	2,571	-	21,742
Communications	3,104	551	5,042	5,593	-	8,697
Advertising and Media (Cash)	(31)	359	186	545	-	514
Advertising and Media (In-Kind)	-	2,308	-	2,308	-	2,308
Repairs and Maintenance	782	141	1,017	1,158	-	1,940
Membership Dues	165	30	345	375	-	540
National Partnership Dues	94,561	22,372	18,781	41,153	-	135,714
Miscellaneous	5,404	43,109	10,549	53,658	-	59,062
Depreciation and Amortization	5,359	968	2,420	3,388	-	8,747
Special Event - Direct Donor Benefits	-	-	-	-	668,495	668,495
	<u>1,516,643</u>	<u>180,143</u>	<u>319,763</u>	<u>499,906</u>	<u>668,495</u>	<u>2,685,044</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(668,495)	(668,495)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(668,495)</u>	<u>(668,495)</u>
 Total Expenses Included in the Expense Section of the Statement of Activities	 <u>\$ 1,516,643</u>	 <u>\$ 180,143</u>	 <u>\$ 319,763</u>	 <u>\$ 499,906</u>	 <u>\$ -</u>	 <u>\$ 2,016,549</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
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	\$ 661,660	\$ -	\$ -	\$ -	\$ -	\$ 661,660
Salaries, Taxes, and Benefits	368,594	101,183	132,502	233,685	-	602,279
Printing, Subscriptions, and Publications	6,475	16,218	2,920	19,138	-	25,613
Professional Fees	16,692	6,940	46,817	53,757	-	70,449
Rent and Utilities	34,739	9,536	12,488	22,024	-	56,763
Postage and Delivery	3,078	1,047	1,068	2,115	-	5,193
Travel	1,202	2,315	3,593	5,908	-	7,110
Meetings and Conferences	112	23,314	1,429	24,743	-	24,855
Office Supplies	42,766	8,486	1,792	10,278	-	53,044
Communications	7,016	1,817	2,819	4,636	-	11,652
Advertising and Media (Cash)	-	1,055	-	1,055	-	1,055
Repairs and Maintenance	1,423	391	546	937	-	2,360
Membership Dues	-	-	335	335	-	335
National Partnership Dues	71,464	12,903	14,889	27,792	-	99,256
Miscellaneous	4,072	35,249	3,563	38,812	-	42,884
Depreciation and Amortization	3,568	979	1,282	2,261	-	5,829
Special Event - Direct Donor Benefits	-	-	-	-	480,408	480,408
	<u>1,222,861</u>	<u>221,433</u>	<u>226,043</u>	<u>447,476</u>	<u>480,408</u>	<u>2,150,745</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(480,408)	(480,408)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(480,408)</u>	<u>(480,408)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,222,861</u>	<u>\$ 221,433</u>	<u>\$ 226,043</u>	<u>\$ 447,476</u>	<u>\$ -</u>	<u>\$ 1,670,337</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (144,948)	\$ (455,805)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	7,315	5,829
Amortization of Right-of-Use Asset, Finance Lease	1,432	-
Net Realized and Unrealized (Gains) Losses on Investments	(82,359)	335,018
Forgiveness of Paycheck Protection Program Loan	-	(83,565)
Contributed Other Assets	(790)	-
Change in Operating Right-of-Use Assets and Lease Liabilities	3,266	-
(Increase) Decrease in Assets:		
Contributions Receivable	(15,765)	(11,227)
Due from Related Entities	(194,611)	(10,545)
Prepaid Expenses	24,453	(2,453)
Other Assets	16,938	17,068
Increase in Liabilities:		
Accounts Payable and Accrued Expenses	(1,936)	33,629
Due to Related Entities	(5,822)	54,637
Deferred Revenue	(126,187)	156,500
Deferred Rent	(613)	(2,192)
Net Cash Provided (Used) by Operating Activities	(519,627)	36,894
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(94,080)	(793,604)
Proceeds from Sales of Investments	406,059	774,552
Purchases of Property and Equipment	(1,416)	(10,112)
Net Cash Provided (Used) by Investing Activities	310,563	(29,164)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	-	(196)
Principal Payments on Finance Lease Obligations	(1,321)	-
Net Cash Used by Financing Activities	(1,321)	(196)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(210,385)	7,534
Cash and Cash Equivalents - Beginning of Year	514,310	506,776
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 303,925	\$ 514,310
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Contributed Other Assets	\$ 790	\$ -
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 312,758	\$ -
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	\$ 7,810	\$ -

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of the Tri-Counties, Inc. (the Foundation) is a California nonprofit corporation, organized for the purpose of creating life changing wishes to 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 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.

Leases

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

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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

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

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

Property and Equipment, Net

Property and equipment having a unit cost greater than \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases (Fiscal Year 2022) leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 5 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.

Fair Value Measurements

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

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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

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

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

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

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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

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

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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

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

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was approximately \$668,000 and \$480,000 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 \$268,681 and \$219,938, respectively.

Donated advertising and media is reported as contribution revenue and 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.

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.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions: Donated Goods and Services

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

	2023	2022
Wish Related Travel, Goods, and Services	\$ 359,852	\$ 164,129
Contributed Office Space	5,400	-
Advertising and Media	2,308	-
Special Events	70,793	28,945
Other	10,063	5,879
Total Contributed Nonfinancial Assets and Services	\$ 448,416	\$ 198,953

Wish related travel, goods and services are used in the wish granting program. The Foundation estimates the fair value of wish related travel, goods, and services on the basis of estimates of the current market rates for similar travel, goods and 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 California income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3); however, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

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

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

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. During the fiscal years ended August 31, 2023 and 2022, the Foundation incurred no joint costs.

Management and General

All costs not identifiable with the 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 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 \$613 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.

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.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Pronouncement (Continued)

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 months to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

	2023	2022
Total Financial Assets	\$ 2,807,590	\$ 3,037,219
Donor Imposed Restrictions:		
Restricted Funds	(26,992)	(11,227)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 2,780,598	\$ 3,025,992

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

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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

Overall Investment Objective

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

Fair Value Hierarchy

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

	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2023</u>					
Investments:					
Exchange-Traded Funds	\$ 1,898,719	\$ -	\$ -	\$ -	\$ 1,898,719
Cash	-	-	-	359,454	359,454
Total Investments	<u>\$ 1,898,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 359,454</u>	<u>\$ 2,258,173</u>
<u>August 31, 2022</u>					
Investments:					
Mutual Funds	\$ 257,708	\$ -	\$ -	\$ -	\$ 257,708
Exchange-Traded Funds	1,909,417	-	-	-	1,909,417
Cash	-	-	-	320,668	320,668
Total Investments	<u>\$ 2,167,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 320,668</u>	<u>\$ 2,487,793</u>

NOTE 5 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2023 and 2022 were \$26,992 and \$11,227, respectively, which is due from one donor. All contributions receivable are due within the next twelve months.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2023 and 2022, respectively, the Foundation received \$380,459 and \$242,359 from these national revenue streams.

As part of the National Organization’s Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation received \$40,000 and \$-0- to this program during the years ended August 31, 2023 and 2022, respectively.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$181,225 and \$128,256 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 \$1,700 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	\$ 186,255	\$ 23,398
Due from Other Chapters	32,245	491
Total Due from Related Entities	<u>\$ 218,500</u>	<u>\$ 23,889</u>
Due to National Organization	\$ 5,378	\$ 5,303
Due to Other Chapters	43,751	49,648
Total Due to Related Entities	<u>\$ 49,129</u>	<u>\$ 54,951</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.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

During the years ended August 31, 2023 and 2022, the Foundation received contributions, both cash and in-kind, from board members totaling \$158,810 and \$83,205, respectively.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2023	2022
Computer Equipment and Software	\$ 52,896	\$ 60,274
Other Equipment	40,000	31,206
Leasehold Improvements	368	368
Total	93,264	91,848
Less: Accumulated Depreciation and Amortization	(79,906)	(72,591)
Property and Equipment, Net	\$ 13,358	\$ 19,257

Depreciation and amortization expense totaled \$8,747 and \$5,829, respectively, for the years ended August 31, 2023 and 2022.

NOTE 8 LEASES

Lease Agreements - ASC 842

The Foundation leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through the fiscal year 2028.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 8 LEASES (CONTINUED)

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

	<u>2023</u>
Lease Cost:	
Finance Lease Cost:	
Amortization of Right-of-Use Assets	\$ 1,432
Interest on Lease Liabilities	251
Operating Lease Cost	<u>64,853</u>
Total Lease Cost	<u><u>\$ 66,536</u></u>

Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities	
Operating Cash Flows from Financing Leases	\$ 251
Operating Cash Flows from Operating Leases	62,200
Financing Cash Flows from Financing Leases	1,321
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities	7,810
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	312,758
Weighted-Average Remaining Leases Term - Financing Leases	4.0 years
Weighted Average Remaining Lease Term - Operating Leases	4.2 years
Weighted-Average Discount Rate - Financing Leases	3.88 %
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	\$ 65,271	\$ 1,715
2025	65,729	1,715
2026	65,729	1,715
2027	65,729	1,715
2028	<u>16,433</u>	<u>143</u>
Total Lease Payments	278,891	7,003
Less: Imputed Interest	<u>(18,320)</u>	<u>(514)</u>
Present Value of Lease Liabilities	<u><u>\$ 260,571</u></u>	<u><u>\$ 6,489</u></u>

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 8 LEASES (CONTINUED)

Lease Agreements – ASC 840

The Foundation is obligated under an operating lease for offices, which expire November 30, 2027. Total rent expense for all operating leases for the years ended August 31, 2022 totaled \$55,559.

NOTE 9 NET ASSETS

Net Assets With Donor Restrictions

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

	2023	2022
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 26,992	\$ 11,227
Total Donor Restricted Net Assets	\$ 26,992	\$ 11,227

NOTE 10 RETIREMENT PLAN

The Foundation has a Simple IRA retirement plan (the Plan). All employees are eligible for participation in the Plan. Under the provisions of the Plan, employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 3% of the employee’s salary. Foundation contributions to the Plan for the years ended August 31, 2023 and 2022 were \$10,849 and \$10,059, respectively.

NOTE 11 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.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 12 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 13 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the years ended August 31, 2023 and 2022, the Foundation granted 92 and 76 wishes, respectively. As of August 31, 2023 and 2022, respectively, there were approximately 160 and 110 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2023 was \$6,599 in cash and \$3,225 in in-kind for a total cost of \$9,824. The average cost of a wish for the year ended August 31, 2022 was \$5,416 in cash and \$1,472 in in-kind for a total cost of \$6,888.

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 78% of wishes granted and the number of granted wishes averaged approximately 80. The number of wishes granted during the years ended August 31, 2023 and 2022 was 92 and 76, respectively.

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

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 15 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$83,565 loan under the second round of Paycheck Protection Program funding created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was received on January 26, 2021. The loan accrues interest at 1%, with the first 10 months of interest deferred, has a term of five years and is unsecured and guaranteed by the Small Business Administration. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation received forgiveness of \$83,565 on December 15, 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 statements of financial position date through May 14, 2024, the date at which the financial statements were available to be issued.

Subsequent to year-end, the Foundation changed their chapter name to Make-A-Wish Foundation® of Central Coast and Southern Central Valley.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.