MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA AND NORTHERN NEVADA

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Northeastern & Central California
and Northern Nevada
Sacramento, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Northeastern & Central California and Northern Nevada (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 Northeastern & Central California and Northern Nevada 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 Northeastern & Central California and Northern Nevada 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.

Emphasis of Matter

As described in Note 2 to the financial statements, a prior period adjustment has been posted to restate the August 31, 2022 financial statements to correct due to related entities and expenses. Our opinion is not modified with respect to this matter.

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 Northeastern & Central California and Northern Nevada'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 Northeastern & Central California and Northern Nevada'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 Northeastern & Central California and Northern Nevada's ability to continue as a going concern for a reasonable period of time.

Board of Directors
Make-A-Wish Northeastern & Central California
and Northern Nevada

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

CliftonLarsonAllen LLP

Minneapolis, Minnesota
July 15, 2024

MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2023 AND 2022

	2023	(Restated) 2022
ASSETS		
Cash and Cash Equivalents	$ 471,694	$ 1,822,552
Investments	1,518,736	1,803,866
Due from Related Entities	95,682	120,404
Prepaid Expenses	72,372	169,637
Contributions Receivable, Net	368,120	559,145
Other Assets	4,624	7,580
Investments Held for Long-Term Purposes	1,500,000	1,500,000
Right-of-Use Assets - Operating	94,802	-
Property and Equipment, Net	3,470,828	3,574,432
Beneficial Interest in Assets Held by Others	169,837	158,704
Total Assets	$ 7,766,695	$ 9,716,320
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 324,928	$ 670,004
Due to Related Entities	705,762	325,051
Deferred Revenue	-	41,000
Lease Liability - Operating	95,752	-
Notes Payable	643,678	653,346
Total Liabilities	1,770,120	1,689,401
NET ASSETS		
Without Donor Restrictions	2,477,383	4,308,060
With Donor Restrictions	3,519,192	3,718,859
Total Net Assets	5,996,575	8,026,919
Total Liabilities and Net Assets	$ 7,766,695	$ 9,716,320

See accompanying Notes to Financial Statements.

MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	$ 2,719,648	$ -	$ 2,719,648
Contributions, Donated Goods and Services	1,548,211	228,167	1,776,378
Grants	832,926	-	832,926
Total Public Support	5,100,785	228,167	5,328,952
Internal Special Events	1,593,421	-	1,593,421
Internal Special Events, Donated Goods and Services	43,625	-	43,625
Less: Costs of Direct Benefits to Donors	(386,372)	-	(386,372)
Total Internal Special Events	1,250,674	-	1,250,674
Change in Beneficial Interest in Assets Held by National	-	11,132	11,132
Investment Income (Loss), Net	12,754	141,321	154,075
Other Income	8,841	-	8,841
Net Assets Released from Restrictions	580,287	(580,287)	-
Total Revenues, Gains, and Other Support	6,953,341	(199,667)	6,753,674
EXPENSES			
Program Services:			
Wish Granting	5,865,661	-	5,865,661
Training and Development	81,312	-	81,312
Public Information	177,065	-	177,065
Total Program Services	6,124,038	-	6,124,038
Support Services:			
Fundraising	1,615,247	-	1,615,247
Management and General	1,044,733	-	1,044,733
Total Support Services	2,659,980	-	2,659,980
Total Expenses	8,784,018	-	8,784,018
CHANGE IN NET ASSETS	(1,830,677)	(199,667)	(2,030,344)
Net Assets - Beginning of Year	4,308,060	3,718,859	8,026,919
NET ASSETS - END OF YEAR	$ 2,477,383	$ 3,519,192	$ 5,996,575

See accompanying Notes to Financial Statements.

MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
STATEMENT OF ACTIVITIES (RESTATED)
YEAR ENDED AUGUST 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	$ 4,752,973	$ 76,336	$ 4,829,309
Contributions, Donated Goods and Services	958,790	195,457	1,154,247
Grants	347,024	-	347,024
Total Public Support	6,058,787	271,793	6,330,580
Internal Special Events	1,592,622	-	1,592,622
Internal Special Events, Donated Goods and Services	126,393	-	126,393
Less: Costs of Direct Benefits to Donors	(577,498)	-	(577,498)
Total Internal Special Events	1,141,517	-	1,141,517
Change in Beneficial Interest in Assets Held by National	-	(35,826)	(35,826)
Investment Income, Net	(36,249)	(534,635)	(570,884)
Forgiveness of Paycheck Protection Program Loan	446,000	-	446,000
Other Income	5,899	-	5,899
Net Assets Released from Restrictions	132,000	(132,000)	-
Total Revenues, Gains, and Other Support	7,747,954	(430,668)	7,317,286
EXPENSES			
Program Services:			
Wish Granting	4,280,148	-	4,280,148
Training and Development	41,806	-	41,806
Public Information	218,295	-	218,295
Total Program Services	4,540,249	-	4,540,249
Support Services:			
Fundraising	1,545,568	-	1,545,568
Management and General	838,378	-	838,378
Total Support Services	2,383,946	-	2,383,946
Total Expenses	6,924,195	-	6,924,195
CHANGE IN NET ASSETS	823,759	(430,668)	393,091
Net Assets - Beginning of Year	3,484,301	4,149,527	7,633,828
NET ASSETS - END OF YEAR	$ 4,308,060	$ 3,718,859	$ 8,026,919

See accompanying Notes to Financial Statements.

MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2023

	Program Services				Support Services				
	Wish Granting	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	$ 3,770,963	$ -	$ -	$ 3,770,963	$ -	$ -	$ -	$ -	$ 3,770,963
Salaries, Taxes, and Benefits	904,988	79,213	170,807	1,155,008	1,073,750	646,480	1,720,230	-	2,875,238
Printing, Subscriptions, and Publications	10,789	-	4,676	15,465	13,011	1,978	14,989	-	30,454
Professional Fees	44,868	-	-	44,868	38,913	93,829	132,742	-	177,610
Rent and Utilities	45,574	-	-	45,574	41,886	48,100	89,986	-	135,560
Postage and Delivery	7,758	-	-	7,758	2,501	2,315	4,816	-	12,574
Travel	8,862	1,061	684	10,607	32,754	13,272	46,026	-	56,633
Meetings and Conferences	6,301	580	-	6,881	17,824	6,716	24,540	-	31,421
Office Supplies	7,906	-	-	7,906	8,607	11,710	20,317	-	28,223
Advertising and Media	-	-	-	-	135,877	-	135,877	-	135,877
Communications	27,575	458	898	28,931	26,420	23,402	49,822	-	78,753
Repairs and Maintenance	11,895	-	-	11,895	10,890	10,464	21,354	-	33,249
Bad Debt Expense	-	-	-	-	62,500	-	62,500	-	62,500
Membership Dues	1,331	-	-	1,331	1,281	2,011	3,292	-	4,623
Grants and Scholarships	528,000	-	-	528,000	-	-	-	-	528,000
Insurance	-	-	-	-	-	2,218	2,218	-	2,218
National Partnership Dues	416,943	-	-	416,943	75,281	86,863	162,144	-	579,087
Miscellaneous	27,490	-	-	27,490	32,868	54,153	87,021	-	114,511
Depreciation and Amortization	44,418	-	-	44,418	40,884	41,222	82,106	-	126,524
Special Event - Direct Donor Benefits	-	-	-	-	-	-	-	386,372	386,372
Total Expenses by Function	5,865,661	81,312	177,065	6,124,038	1,615,247	1,044,733	2,659,980	386,372	9,170,390
Less: Expenses Netted Against Revenues on the Statement of Activities:									
Special Event Expenses	-	-	-	-	-	-	-	(386,372)	(386,372)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 5,865,661	$ 81,312	$ 177,065	$ 6,124,038	$ 1,615,247	$ 1,044,733	$ 2,659,980	$ -	$ 8,784,018

See accompanying Notes to Financial Statements.

MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
STATEMENT OF FUNCTIONAL EXPENSES (RESTATED)
YEAR ENDED AUGUST 31, 2022

	Program Services				Support Services				
	Wish Granting	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	$ 2,469,950	$ -	$ -	$ 2,469,950	$ -	$ -	$ -	$ -	$ 2,469,950
Salaries, Taxes, and Benefits	949,805	40,278	162,544	1,152,627	1,041,763	594,760	1,636,523	-	2,789,150
Printing, Subscriptions, and Publications	7,337	155	14,053	21,545	18,464	1,150	19,614	-	41,159
Professional Fees	106,584	362	30,621	137,567	125,017	53,073	178,090	-	315,657
Rent and Utilities	75,952	-	-	75,952	38,382	35,425	73,807	-	149,759
Postage and Delivery	4,457	10	59	4,526	3,382	605	3,987	-	8,513
Travel	12,126	138	2,630	14,894	32,139	6,579	38,718	-	53,612
Meetings and Conferences	5,094	140	85	5,319	17,829	2,049	19,878	-	25,197
Information Technology	24,405	-	3,057	27,462	23,862	13,082	36,944		64,406
Office Supplies	71,031	12	2,353	73,396	13,844	4,677	18,521	-	91,917
Advertising and Media	-	-	715	715	31,185	-	31,185		31,900
Communications	37,004	-	-	37,004	19,452	10,889	30,341	-	67,345
Repairs and Maintenance	17,082	-	-	17,082	8,745	6,456	15,201	-	32,283
Bad Debts Expense	-	-	-	-	19,656	-	19,656	-	19,656
Insurance	-	-	-	-	-	3,322	3,322	-	3,322
National Partnership Dues	393,921	-	-	393,921	71,125	82,067	153,192	-	547,113
Miscellaneous	14,309	711	2,178	17,198	43,214	3,758	46,972	-	64,170
Interest	12,957	-	-	12,957	6,623	3,259	9,882	-	22,839
Depreciation and Amortization	78,134	-	-	78,134	30,886	17,227	48,113	-	126,247
Special Event - Direct Donor Benefits	-	-	-	-	-	-	-	577,498	577,498
Total Expenses by Function	4,280,148	41,806	218,295	4,540,249	1,545,568	838,378	2,383,946	577,498	7,501,693
Less: Expenses Netted Against Revenues on the Statement of Activities:									
Special Event Expenses	-	-	-	-	-	-	-	(577,498)	(577,498)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 4,280,148	$ 41,806	$ 218,295	$ 4,540,249	$ 1,545,568	$ 838,378	$ 2,383,946	$ -	$ 6,924,195

See accompanying Notes to Financial Statements.

MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	(Restated) 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (2,030,344)	$ 393,091
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	126,524	126,247
Lease Transition Adjustment	950	-
Interest on Finance Leases		
Forgiveness of Paycheck Protection Program Loan	-	(446,000)
Bad Debt Expense and Other	62,500	19,656
Net Realized and Unrealized (Gains) Losses on Investments	(60,478)	634,185
Loss on Sale of Property and Equipment	-	501
Change in Beneficial Interest in Asset Held by National	(9,326)	30,116
Change in Discount to Present Value of Contributions Receivable	8,783	(3,469)
(Increase) Decrease in Assets:		
Contributions Receivable	119,742	(161,905)
Due from Related Entities	24,722	(181,539)
Prepaid Expenses	97,265	(61,051)
Other Assets	2,956	(2,956)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(345,076)	333,831
Due to Related Entities	380,711	447,504
Deferred Revenue	(41,000)	(475,405)
Net Cash Provided (Used) by Operating Activities	(1,662,071)	652,806
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(309,917)	(1,750,076)
Purchase of Beneficial Interest in Assets Held by Others	(3,454)	(3,447)
Proceeds from Sales of Investments	655,525	1,825,331
Purchases of Property and Equipment	(22,920)	(23,245)
Disposition of Beneficial Interest in Assets Held by Others	1,647	9,157
Net Cash Provided by Investing Activities	320,881	57,720
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable/Line of Credit	(9,668)	(19,480)
Net Cash Used by Financing Activities	(9,668)	(19,480)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,350,858)	691,046
Cash and Cash Equivalents - Beginning of Year	1,822,552	1,131,506
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 471,694	$ 1,822,552
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest Expense	$ 34,467	$ 22,839

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Cash and Cash Equivalents

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

Investments

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

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

Contributions Receivable

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

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

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

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

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

Property and Equipment, Net

Property and equipment having a unit cost of greater than $2,500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases (Fiscal Year 2022) are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 40 years. Leasehold improvements are amortized over the shorter of the estimated useful 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

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

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

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

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

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

Net Assets

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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 $386,372 and $577,498 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 $577,855 and $184,420, respectively.

Donated advertising and media is reported as contribution revenue and fundraising expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discounts is recorded as additional contributions revenue.

Conditional promises to give are not recognized as contribution revenue and receivables until the conditions have been substantially met. There were no conditional promises outstanding for the years ended August 31, 2023 and 2022.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

Contributions: Donated Goods and Services

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

	2023	2022
Wish Related Travel, Goods, and Services	$ 1,624,878	$ 1,146,121
Professional Services	-	7,126
Advertising and Media	135,500	-
Special Events	43,625	126,393
Property and Equipment (Capitalized)	16,000	-
Other	-	1,000
Total Contributed Nonfinancial Assets and Services	$ 1,820,003	$ 1,280,640

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.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and California franchise 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.

Functional Expenses

The Foundation performs five functions: wish granting, training and development, public information, 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.

Training and Development

Activities performed by the Foundation include, but are not limited to, implementing programs that support the identification of wish candidates and the determination and delivery of the wish.

Public Information

Activities performed by the Foundation in communicating the purpose and services of the Foundation to all potential sources of wish referrals.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

The Foundation received revenue for fundraising special events for which the events were cancelled during the year. The Foundation worked with donors to have the funds apply to a future event, and therefore has deferred the revenue until the future event takes place.

Management Estimates

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

Prior Period Adjustment

The prior period adjustment shown on the statements of financial position and statements of activities is a result of overstatement of due to related entities and expenses that were not properly recorded in the prior year. Opening net assets have been restated to increase without donor-restricted net assets on the financial statements. The restatement is shown below:

	As Previously Reported	Prior Period Adjustment	As Restated
Liabilities:			
Due to Related Entities	$ 477,535	$ (152,484)	$ 325,051
Expenses:			
Direct Costs of Wishes	$ 2,622,434	$ (152,484)	$ 2,469,950

Adoption of Accounting Pronouncement

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

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

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

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

NOTE 3 LIQUIDITY AND AVAILABILITY

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

	2023	2022
Total Financial Assets	$ 4,124,069	$ 5,964,671
Donor-Imposed Restrictions:		
Restricted Funds	(500,456)	(660,849)
Endowments	(3,018,736)	(3,058,010)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 604,877	$ 2,245,812

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

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

Board-designated endowment of $-0- and $264,356, respectively, at August 31, 2023 and 2022 are included in financial assets above.

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.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value of Financial Instruments (Continued)

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 Measured At Fair Value	Total
August 31, 2023					
Assets					
Investments:					
Mutual Funds	$ 1,863,021	$ -	$ -	$ -	$ 1,863,021
Exchange-Traded Funds	1,131,472	-	-	-	1,131,472
Money Market Funds	-	-	-	24,243	24,243
Beneficial Interest in Assets	-	-	169,837	-	169,837
Total Assets	$ 2,994,493	$ -	$ 169,837	$ 24,243	$ 3,188,573

	Level 1	Level 2	Level 3	Assets Not Measured At Fair Value	Total
August 31, 2022					
Assets					
Investments:					
Mutual Funds	$ 1,266,617	$ -	$ -	$ -	$ 1,266,617
Exchange-Traded Funds	1,786,849	-	-	-	1,786,849
Equity Securities	222,180	-	-	-	222,180
Money Market Funds	-	-	-	28,220	28,220
Beneficial Interest in Assets	-	-	158,704	-	158,704
Total Assets	$ 3,275,646	$ -	$ 158,704	$ 28,220	$ 3,462,570

For the valuation of beneficial interest in assets held by National at August 31, 2023 and 2022, the Foundation used significant unobservable inputs (Level 3). The Foundation had $3,454 and $3,447 of purchases into Level 3 investments and $1,647 and $9,157 of sales for the years ended August 31, 2023 and 2022.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

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

Quantitative Information About Level 3 Fair Value Measurements

Type of Assets	Fair Value at August 31, 2023	Principal Valuation Technique	Unobservable Inputs
Beneficial Interests in Assets Held by Others	$ 169,837	FMV of Assets	Value of Underlying Assets

Type of Assets	Fair Value at August 31, 2022	Principal Valuation Technique	Unobservable Inputs
Beneficial Interests in Assets Held by Others	$ 158,704	FMV of Assets	Value of Underlying Assets

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at 5.5% and 5.56% at August 31, 2023 and 2022, respectively. The following is a summary of the Foundation's contributions receivable at August 31:

	2023	2022
Total Amounts Due in:		
Within One Year	$ 308,646	$ 478,454
One to Five Years	30,000	60,000
More than Five Years	100,000	100,000
Gross Contributions Receivable	438,646	638,454
Less: Allowance for Doubtful Accounts	(22,131)	(22,131)
Less: Discount to Present Value	(48,395)	(57,178)
Contributions Receivable, Net	$ 368,120	$ 559,145

NOTE 6 SPLIT-INTEREST AGREEMENTS

Beneficial Interest in Assets Held by National

The Foundation is a named income beneficiary in a perpetual trust, the corpus of which is held by the National Organization and is not controlled by the management of the Foundation. Under this arrangement, the Foundation has the irrevocable right to receive a portion of the income earned on the underlying assets held in perpetuity. Accordingly, with donor-restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation received notice that the trust agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets have been recorded in the accompanying statement of activities as a change in value of beneficial interest in assets held by National.

The Foundation’s beneficial interest in the trust is $169,837 and $158,704 as of August 31, 2023 and 2022, respectively.

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, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2023 and 2022, respectively, the Foundation received $1,533,909 and $937,757 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 contributed $528,000 and $-0- during the years ended August 31, 2023 and 2022, respectively. Under this program, the Foundation received $548,000 and $-0- 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. Amount totaling $679,409 and $385,072 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 $300 for the years ended August 31, 2023 and 2022, which is recorded in the accompanying statements of activities as other income.

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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

	2023	2022
Due from National Organization	$ 94,121	$ 119,760
Due from Other Chapters	1,561	644
Total Due from Related Entities	$ 95,682	$ 120,404
Due to National Organization	$ 449,991	$ 187,831
Due to Other Chapters	255,771	137,220
Total Due to Related Entities	$ 705,762	$ 325,051

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 $17,225 and $53,523, respectively. At August 31, 2023 and 2022, amounts due from board members totaled $-0- and $81,000, respectively, and are included in contributions receivable in the accompanying statements of financial position.

NOTE 8 PROPERTY AND EQUIPMENT, NET

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

	2023	2022
Land	$ 659,143	$ 659,143
Buildings and Building Improvements	4,299,831	4,295,831
Computer Equipment and Software	122,124	103,204
Office Furniture	100,031	100,031
Automobiles	18,830	18,830
Total	5,199,959	5,177,039
Less: Accumulated Depreciation and Amortization	(1,729,131)	(1,602,607)
Property and Equipment, Net	$ 3,470,828	$ 3,574,432

Depreciation and amortization expense totaled $126,524 and $126,247, respectively, for the years ended August 31, 2023 and 2022.

NOTE 9 NOTES PAYABLE

The Foundation has an unsecured line of credit with a financial institution totaling $250,000, bearing interest at the Prime rate plus 1% and expires on January 24, 2025. The Prime rate was 7.5% at August 31, 2023. There was $-0- outstanding on this line of credit as of August 31, 2023 and 2022. The line of credit is subject to various financial and nonfinancial covenants. The Foundation did not meet all the covenant requirements for the year ending August 31, 2023.

On June 16, 2012, the Foundation entered into a note payable with a financial institution totaling $700,000. The note bore interest at 4.25%, required principal payments in equal monthly installments of $3,816 and a balloon payment of the remaining balance on June 18, 2022, and was secured by the building. The note was extended in 2022 with an interest rate of 5.56% and required principal payments in equal monthly installments of $3,144 and a balloon payment of the remaining balance on June 13, 2032.

In addition, the Foundation entered into a note payable with the U.S. Small Business Administration totaling $150,000. The note bears interest at 2.75%, requires principal payments in equal monthly installments of $641. The note is due on June 18, 2050.

The remaining principal payments subsequent to August 31, 2023 are as follows:

Year Ending August 31,	Amount
2024	$ 13,260
2025	14,004
2026	14,792
2027	15,628
2028	16,516
Thereafter	569,478
Total	$ 643,678

NOTE 10 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 2028.

NOTE 10 LEASES (CONTINUED)

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

	2023
Operating Lease Cost	$ 53,828
Other Information:	
Operating Cash Flows from Operating Leases	52,878
Right-of-use Assets Obtained in Exchange for New Operating Lease Liabilities	144,835
Weighted Average Remaining Lease Term - Operating Leases	2.0 Years
Weighted-Average Discount Rate - Operating Leases	3.47%

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

Year Ending August 31,	Operating Leases
2024	$ 55,790
2025	35,789
2026	2,568
2027	2,568
2028	2,355
Total Lease Payments	99,070
Less: Imputed Interest	(3,318)
Present Value of Lease Liabilities	$ 95,752

Capital and Operating Lease Agreements – ASC 840

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through February 28, 2025. Total rent expense for all operating leases for the year ended August 31, 2022 totaled $74,151.

NOTE 11 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	$ 228,167	$ 195,457
Subject to Passage of Time:		
Beneficial Interests in Charitable Trusts Held by Others	169,837	158,704
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	102,452	306,688
Total	500,456	660,849
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	(13,808)	7,966
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
General Operations	3,032,544	3,031,544
Promises to Give Restricted to Endowment	-	18,500
Total	3,018,736	3,058,010
Total Donor-Restricted Net Assets	$ 3,519,192	$ 3,718,859

NOTE 12 ENDOWMENTS

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

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

NOTE 12 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the California UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor-restricted net assets: (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulated earnings on the donor-restricted endowment funds. The accumulated earnings on the endowment funds remain treated as donor-restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
August 31, 2023			
Donor-Restricted Endowment Funds	$ -	$ 3,018,736	$ 3,018,736
August 31, 2022			
Donor-Restricted Endowment Funds	$ 264,356	$ 3,058,010	$ 3,322,366

NOTE 12 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

August 31, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	$ 264,356	$ 3,058,010	$ 3,322,366
Investment Return:			
Investment Income	9,300	107,584	116,884
Net Appreciation (Realized and Unrealized)	2,916	33,737	36,653
Total Investment Return	12,216	141,321	153,537
Appropriation of Endowment Asset for Expenditure	(276,572)	(180,595)	(457,167)
Endowment Funds - End of Year	$ -	$ 3,018,736	$ 3,018,736

August 31, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	$ 308,661	$ 3,724,645	$ 4,033,306
Investment Return:			
Investment Income	4,228	51,017	55,245
Net Depreciation (Realized and Unrealized)	(48,533)	(585,652)	(634,185)
Total Investment Return	(44,305)	(534,635)	(578,940)
Appropriation of Endowment Asset for Expenditure	-	(132,000)	(132,000)
Endowment Funds - End of Year	$ 264,356	$ 3,058,010	$ 3,322,366

Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of August 31, 2023, funds with original gift values of $3,032,544 and fair values of $3,018,736, and deficiencies of $13,808 and were reported in net assets with donor restrictions. These deficiencies, which the Foundation believes are temporary, resulted from unfavorable market fluctuations. There are no fund deficiencies as of August 31, 2022.

NOTE 12 ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment fund(s) while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds [if none, delete]. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return equal to or greater than the rate of inflation (Consumer Price Index) plus any spending and administrative expenses thus, at a minimum, maintaining the purchasing power of those assets managed by the Foundation. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 5% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 13 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 3% of the employee's salary. The Foundation amended the Plan effective January 1, 2019 to make it a safe harbor plan with 4% matching contributions. Foundation contributions to the Plan for the years ended August 31, 2023 and 2022 were $68,773 and $67,679, respectively.

NOTE 14 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.

Contributions totaling $851,036 were received from one donor, for the year ended August 31, 2023, which represents 12% of raised revenue which consists of total public support and gross internal special event revenue. There were no concentrations of revenue for the year ended August 31, 2022. Should these contribution levels decrease, the Foundation may be adversely affected.

Pledges receivable from two donors represent 85% of the total pledges receivable at August 31, 2023. Pledges receivable from three donors represent 78% of the total pledges receivable as of August 31, 2022.

NOTE 15 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 16 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the years ending August 31, 2023 and 2022, the Foundation granted 320 and 304 wishes, respectively. As of August 31, 2023 and 2022, respectively, there were approximately 710 and 824 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2023 was $6,301 in cash and $4,541 in in-kind for a total cost of $10,842. The average cost of a wish for the year ended August 31, 2022 was $4,955 in cash and $2,294 in in-kind for a total cost of $7,249.

NOTE 17 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 77% of wishes granted and the number of granted wishes averaged approximately 408. The number of wishes granted in the years ended August 31, 2023 and 2022 was 320 and 304, respectively.

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

NOTE 18 PAYCHECK PROTECTION PROGRAM

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional $446,000 loan. The loan was received on February 4, 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 $446,000 on January 4, 2022.

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 19 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through July 15, 2024, the date at which the financial statements were available to be issued.

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