

**MAKE-A-WISH FOUNDATION® OF
MISSISSIPPI CHARTERED**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2022 AND 2021



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MAKE-A-WISH FOUNDATION® OF MISSISSIPPI CHARTERED
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Mississippi Chartered
Ridgeland, Mississippi

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Mississippi Chartered (a nonprofit organization), which comprise the statements of financial position as of August 31, 2022 and 2021, 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 Mississippi Chartered as of August 31, 2022 and 2021, 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.

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 Mississippi Chartered and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Make-A-Wish Foundation® of Mississippi Chartered's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Make-A-Wish Foundation® of Mississippi Chartered'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 Mississippi Chartered'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

Lakeland, Florida
January 24, 2023

MAKE-A-WISH FOUNDATION® OF MISSISSIPPI CHARTERED
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,574,768	\$ 1,834,188
Due from Related Entities	33,120	55,934
Prepaid Expenses	64,509	57,770
Contributions Receivable, Net	228,486	12,185
Property and Equipment, Net	<u>2,799</u>	<u>2,800</u>
Total Assets	<u><u>\$ 2,903,682</u></u>	<u><u>\$ 1,962,877</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 155,189	\$ 129,145
Due to Related Entities	<u>44,471</u>	<u>4,477</u>
Total Liabilities	199,660	133,622
NET ASSETS		
Without Donor Restrictions	2,418,705	1,817,820
With Donor Restrictions	<u>285,317</u>	<u>11,435</u>
Total Net Assets	<u><u>2,704,022</u></u>	<u><u>1,829,255</u></u>
Total Liabilities and Net Assets	<u><u>\$ 2,903,682</u></u>	<u><u>\$ 1,962,877</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MISSISSIPPI CHARTERED
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 1,467,533	\$ -	\$ 1,467,533
Contributions, Donated Goods and Services	524,767	228,443	753,210
Grants	125,600	-	125,600
Total Public Support	<u>2,117,900</u>	<u>228,443</u>	<u>2,346,343</u>
Internal Special Events, Cash	971,994	56,873	1,028,867
Less Costs of Direct Benefits to Donors	<u>(149,438)</u>	<u>-</u>	<u>(149,438)</u>
Total Internal Special Events	822,556	56,873	879,429
Other Income	517	-	517
Net Assets Released from Restrictions	<u>11,434</u>	<u>(11,434)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	2,952,407	273,882	3,226,289
EXPENSES			
Program Services:			
Wish Granting	<u>1,689,249</u>	<u>-</u>	<u>1,689,249</u>
Total Program Services	1,689,249	-	1,689,249
Support Services:			
Fundraising	390,186	-	390,186
Management and General	<u>272,087</u>	<u>-</u>	<u>272,087</u>
Total Support Services	<u>662,273</u>	<u>-</u>	<u>662,273</u>
Total Expenses	<u>2,351,522</u>	<u>-</u>	<u>2,351,522</u>
CHANGE IN NET ASSETS	600,885	273,882	874,767
Net Assets - Beginning of Year	<u>1,817,820</u>	<u>11,435</u>	<u>1,829,255</u>
NET ASSETS - END OF YEAR	<u><u>\$ 2,418,705</u></u>	<u><u>\$ 285,317</u></u>	<u><u>\$ 2,704,022</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MISSISSIPPI CHARTERED
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 1,266,459	\$ -	\$ 1,266,459
Contributions, Donated Goods and Services	81,023	11,435	92,458
Grants	140,846	-	140,846
Total Public Support	1,488,328	11,435	1,499,763
Internal Special Events, Cash	785,231	-	785,231
Less Costs of Direct Benefits to Donors	(103,560)	-	(103,560)
Total Internal Special Events	681,671	-	681,671
Forgiveness of Paycheck Protection Program Loan	197,700	-	197,700
Other Income	20	-	20
Total Revenues, Gains, and Other Support	2,367,719	11,435	2,379,154
EXPENSES			
Program Services:			
Wish Granting	665,578	-	665,578
Total Program Services	665,578	-	665,578
Support Services:			
Fundraising	435,043	-	435,043
Management and General	170,001	-	170,001
Total Support Services	605,044	-	605,044
Total Expenses	1,270,622	-	1,270,622
CHANGE IN NET ASSETS	1,097,097	11,435	1,108,532
Net Assets - Beginning of Year	720,723	-	720,723
NET ASSETS - END OF YEAR	<u>\$ 1,817,820</u>	<u>\$ 11,435</u>	<u>\$ 1,829,255</u>

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services				
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	\$ 1,239,251	\$ -	\$ -	\$ -	\$ -	\$ 1,239,251
Salaries, Taxes, and Benefits	291,123	228,739	173,287	402,026	-	693,149
Printing, Subscriptions, and Publications	12,934	16,771	5,340	22,111	-	35,045
Professional Fees	1,613	1,616	3,205	4,821	-	6,434
Rent and Utilities	28,356	22,280	16,879	39,159	-	67,515
Postage and Delivery	5,577	2,057	971	3,028	-	8,605
Travel	2,298	6,835	710	7,545	-	9,843
Meetings and Conferences	714	9,921	4,097	14,018	-	14,732
Office Supplies	12,028	6,752	3,565	10,317	-	22,345
Communications	3,966	3,116	2,361	5,477	-	9,443
Repairs and Maintenance	2,242	1,761	1,334	3,095	-	5,337
Insurance	554	436	497	933	-	1,487
Membership Dues	-	175	325	500	-	500
National Partnership Dues	82,587	64,890	49,159	114,049	-	196,636
Miscellaneous	4,927	23,989	9,714	33,703	-	38,630
Depreciation and Amortization	1,079	848	643	1,491	-	2,570
Special Event - Direct Donor Benefits	-	-	-	-	149,438	149,438
Total Expenses by Function	1,689,249	390,186	272,087	662,273	149,438	2,500,960
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(149,438)	(149,438)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,689,249</u>	<u>\$ 390,186</u>	<u>\$ 272,087</u>	<u>\$ 662,273</u>	<u>\$ -</u>	<u>\$ 2,351,522</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MISSISSIPPI CHARTERED
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021

	Program Services	Support Services				
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	\$ 386,091	\$ -	\$ -	\$ -	\$ -	\$ 386,091
Salaries, Taxes, and Benefits	140,021	319,246	100,964	420,210	-	560,231
Printing, Subscriptions, and Publications	1,734	12,218	1,881	14,099	-	15,833
Professional Fees	117	1,909	17,291	19,200	-	19,317
Rent and Utilities	16,914	38,564	12,178	50,742	-	67,656
Postage and Delivery	1,416	3,668	1,048	4,716	-	6,132
Travel	216	2,893	273	3,166	-	3,382
Meetings and Conferences	391	6,678	5,706	12,384	-	12,775
Office Supplies	3,395	7,011	2,692	9,703	-	13,098
Communications	1,514	4,305	2,544	6,849	-	8,363
Advertising and Media (Cash)	-	500	-	500	-	500
Repairs and Maintenance	862	1,965	622	2,587	-	3,449
Insurance	494	1,167	356	1,523	-	2,017
Membership Dues	25	712	172	884	-	909
National Partnership Dues	105,180	17,779	19,176	36,955	-	142,135
Miscellaneous	6,691	15,250	4,822	20,072	-	26,763
Depreciation and Amortization	517	1,178	276	1,454	-	1,971
Special Event - Direct Donor Benefits	-	-	-	-	103,560	103,560
Total Expenses by Function	665,578	435,043	170,001	605,044	103,560	1,374,182
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(103,560)	(103,560)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 665,578</u>	<u>\$ 435,043</u>	<u>\$ 170,001</u>	<u>\$ 605,044</u>	<u>\$ -</u>	<u>\$ 1,270,622</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MISSISSIPPI CHARTERED
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 874,767	\$ 1,108,532
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	2,570	1,971
Forgiveness of Paycheck Protection Program Loan	-	(197,700)
(Increase) Decrease in Assets:		
Contributions Receivable	(216,301)	-
Due from Related Entities	22,814	(19,718)
Prepaid Expenses	(6,739)	(15,176)
Other Assets	-	(12,180)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	26,044	47,181
Due to Related Entities	39,994	425
Net Cash Provided by Operating Activities	<u>743,149</u>	<u>913,335</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	<u>(2,569)</u>	<u>(1,216)</u>
Net Cash Used by Investing Activities	(2,569)	(1,216)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	<u>-</u>	<u>90,600</u>
Net Cash Provided by Financing Activities	<u>-</u>	<u>90,600</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	740,580	1,002,719
Cash and Cash Equivalents - Beginning of Year	<u>1,834,188</u>	<u>831,469</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,574,768</u></u>	<u><u>\$ 1,834,188</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MISSISSIPPI CHARTERED
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Cash and Cash Equivalents

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

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.

Property and Equipment, Net

Property and equipment having a unit cost of greater than \$1,000 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally three to seven years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

MAKE-A-WISH FOUNDATION® OF MISSISSIPPI CHARTERED
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

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.

Net Assets

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

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

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

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 events, in-kind and other income.

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was approximately \$163,000 and \$133,000 for the years ended August 31, 2022 and 2021, 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.

MAKE-A-WISH FOUNDATION® OF MISSISSIPPI CHARTERED
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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.

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

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2022</u>				
Wish Related	<u>\$ 524,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 524,767</u>
Contributions Receivable, Net Change				228,443
Total				<u>\$ 753,210</u>
<u>August 31, 2021</u>				
Wish Related	<u>\$ 81,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,024</u>
Contributions Receivable, Net Change				11,434
Total				<u>\$ 92,458</u>

Wish related in-kinds consist of donated travel, goods and other services used in the delivery of wishes. The Foundation estimates the fair value of wish related in-kinds on the basis of estimates of the current market rates for similar travel, goods and other services in the Foundation's market.

MAKE-A-WISH FOUNDATION® OF MISSISSIPPI CHARTERED
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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. Internal special event in-kind amounts 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. 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, 2022 and 2021 totaled \$86,342 and \$79,666, respectively.

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 Mississippi taxes under the provisions of Internal Revenue Code 501(c)(3) and Mississippi tax provisions. 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, 2022 and 2021. The Foundation files income tax returns in the U.S. federal jurisdiction, and applicable state jurisdictions.

Functional Expenses

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

Wish Granting

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

Fundraising

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

MAKE-A-WISH FOUNDATION® OF MISSISSIPPI CHARTERED
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

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.

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Adoption of Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires that contributed nonfinancial assets are reported on a separate line item in the statements of activities, apart from contributions of cash and other financial assets. It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets along with additional qualitative information about the monetization of such assets, donor restrictions and valuation techniques. The adoption of this standard did not have any significant impact on the accompanying financial statements or disclosures.

Accounting Pronouncement Not Yet Effective

In February 2016, FASB issued ASU 2016-02, *Leases*. This accounting standard requires organizations that lease assets to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its statement of financial position. This accounting standard will also require additional disclosures about the amount, timing and uncertainty of cash flows arising from leases. This accounting standard is effective for the Foundation as of fiscal year 2023. Management is currently evaluating the impact of adopting this accounting standard.

MAKE-A-WISH FOUNDATION® OF MISSISSIPPI CHARTERED
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 3 LIQUIDITY AND AVAILABILITY

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

	<u>2022</u>	<u>2021</u>
Total Financial Assets	\$ 2,607,888	\$ 1,890,122
Donor-Imposed Restrictions:		
Restricted Funds	<u>(285,317)</u>	<u>(11,435)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 2,322,571</u>	<u>\$ 1,878,687</u>

Financial assets include cash and cash equivalents, due from related entities, and receivables. 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 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, 2022 and 2021, respectively, the Foundation received \$399,836 and \$337,219 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 \$-0- and \$-0- during the years ended August 31, 2022 and 2021, 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 \$205,108 and \$164,298 were paid from the Foundation to the National Organization during the years ended August 31, 2022 and 2021, respectively.

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NOTE 4 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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

	2022	2021
Due from National Organization	\$ 33,120	\$ 55,934
Total Due from Related Entities	<u>\$ 33,120</u>	<u>\$ 55,934</u>
Due to National Organization	\$ 9,258	\$ 135
Due to Other Chapters	34,793	4,342
Total Due to Related Entities	<u>\$ 44,051</u>	<u>\$ 4,477</u>

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

During the years ended August 31, 2022 and 2021, the Foundation received contributions, both cash and in-kind, from board members totaling \$150,728 and \$247,732 respectively. There was no amounts due from board members as of August 31, 2022 and 2021, respectively.

NOTE 5 PROPERTY AND EQUIPMENT, NET

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

	2022	2021
Computer Equipment and Software	\$ 27,874	\$ 25,305
Office Furniture	1,998	1,998
Total	29,872	27,303
Less Accumulated Depreciation and Amortization	(27,073)	(24,503)
Property and Equipment, Net	<u>\$ 2,799</u>	<u>\$ 2,800</u>

Depreciation and amortization expense totaled \$2,570 and \$1,971, respectively, for the years ended August 31, 2022 and 2021.

NOTE 6 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through July 2023. Total rent expense for all operating leases for the years ended August 31, 2022 and 2021 totaled \$66,150 and \$70,400, respectively.

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NOTE 6 LEASES (CONTINUED)

Future minimum lease payments under operating leases having remaining terms in excess of one year are as follows:

<u>Year Ending August 31:</u>	<u>Operating Leases</u>
2023	<u>\$ 55,745</u>
Total	<u>\$ 55,745</u>

NOTE 7 NET ASSETS

Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 228,444	\$ 11,435
Future Events	56,873	-
Total Donor-Restricted Net Assets	<u>\$ 285,317</u>	<u>\$ 11,435</u>

NOTE 8 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 six months 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 contributes a flat 2% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2022 and 2021 were \$10,670 and \$7,748, respectively.

NOTE 9 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.

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NOTE 10 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the years ended August 31, 2022 and 2021, the Foundation granted 116 and 64 wishes, respectively. As of August 31, 2022 and 2021, respectively, there were approximately 120 and 173 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2022 was \$6,308 in cash and \$3,018 in in-kind for a total cost of \$9,327. The average cost of a wish for the year ended August 31, 2021, was \$4,662 in cash and \$1,607 in in-kind for a total cost of \$6,268.

NOTE 11 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 12 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, 2022. Prior to fiscal year 2020, travel wishes have been approximately 81% of wishes granted and the number of granted wishes averaged approximately 95. The number of wishes during the years ended August 31, 2022 and 2021 was 116 and 64, respectively.

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

NOTE 13 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$107,100 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was received on April 19, 2020. The Foundation received forgiveness of \$107,000 on December 10, 2020.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$90,600 loan. The Foundation received forgiveness of \$90,600 on July 9, 2021.

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NOTE 13 PAYCHECK PROTECTION PROGRAM (CONTINUED)

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 the 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 14 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 24, 2023, the date at which the financial statements were available to be issued.