

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

**FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2022 AND 2021**



CPAs | CONSULTANTS | WEALTH ADVISORS

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Make-A-Wish Foundation® of the Tri-Counties, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 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 the Tri-Counties, Inc. 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 the Tri-Counties, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

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

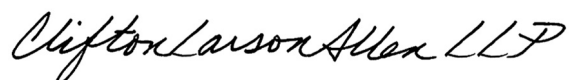
***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Make-A-Wish Foundation® of the Tri-Counties, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Make-A-Wish Foundation® of the Tri-Counties, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
March 22, 2023

**MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 514,310	\$ 506,776
Investments	2,487,793	2,803,759
Due from Related Entities	23,889	13,344
Prepaid Expenses	60,961	58,508
Contributions Receivable, Net	11,227	-
Other Assets	28,781	45,849
Property and Equipment, Net	19,257	14,974
Total Assets	\$ 3,146,218	\$ 3,443,210
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 92,465	\$ 58,836
Due to Related Entities	54,951	314
Deferred Revenue	156,500	-
Deferred Rent	613	2,805
Capital Lease Obligations	-	196
Paycheck Protection Program	-	83,565
Total Liabilities	304,529	145,716
<b>NET ASSETS</b>		
Without Donor Restrictions	2,830,462	3,297,494
With Donor Restrictions	11,227	-
Total Net Assets	2,841,689	3,297,494
Total Liabilities and Net Assets	\$ 3,146,218	\$ 3,443,210

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Cash	\$ 726,051	\$ -	\$ 726,051
Contributions, Donated Goods and Services	91,422	-	91,422
Grants	121,380	-	121,380
Total Public Support	938,853	-	938,853
Internal Special Events	271,059	-	271,059
Internal Special Events, Donated Goods and Services	33,392	-	33,392
Less: Costs of Direct Benefits to Donors	(96,433)	-	(96,433)
Total Internal Special Events	208,018	-	208,018
Investment Income, Net	316,290	-	316,290
Forgiveness of Paycheck Protection Program Loan	80,175	-	80,175
Other Income	200	-	200
Total Revenues, Gains, and Other Support	1,543,536	-	1,543,536
 <b>EXPENSES</b>			
Program Services:			
Wish Granting	782,074	-	782,074
Support Services:			
Fundraising	189,665	-	189,665
Management and General	200,072	-	200,072
Total Support Services	389,737	-	389,737
Total Expenses	1,171,811	-	1,171,811
<b>CHANGE IN NET ASSETS</b>	371,725	-	371,725
Net Assets - Beginning of Year	2,925,769	-	2,925,769
<b>NET ASSETS - END OF YEAR</b>	\$ 3,297,494	\$ -	\$ 3,297,494

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2021**

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 295,083	\$ -	\$ -	\$ -	\$ -	\$ 295,083
Salaries, Taxes, and Benefits	311,912	83,936	110,468	194,404	-	506,316
Printing, Subscriptions, and Publications	3,272	10,058	2,022	12,080	-	15,352
Professional Fees	10,170	42,921	48,615	91,536	-	101,706
Rent and Utilities	34,150	9,375	12,277	21,652	-	55,802
Postage and Delivery	796	1,620	263	1,883	-	2,679
Travel	823	1,383	730	2,113	-	2,936
Meetings and Conferences	89	15,692	126	15,818	-	15,907
Office Supplies	11,427	785	1,755	2,540	-	13,967
Communications	5,554	1,364	3,183	4,547	-	10,101
Advertising and Media (Cash)	-	20	-	20	-	20
Repairs and Maintenance	237	65	107	172	-	409
Insurance	31	9	12	21	-	52
Membership Dues	35	9	361	370	-	405
Grants and Scholarships	20,000	-	-	-	-	20,000
National Partnership Dues	81,158	13,849	15,788	29,637	-	110,795
Miscellaneous	6,842	8,414	4,208	12,622	-	19,464
Depreciation and Amortization	495	165	157	322	-	817
Special Event - Direct Donor Benefits	-	-	-	-	96,433	96,433
	<u>782,074</u>	<u>189,665</u>	<u>200,072</u>	<u>389,737</u>	<u>96,433</u>	<u>1,268,244</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(96,433)	(96,433)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96,433)</u>	<u>(96,433)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 782,074</u>	<u>\$ 189,665</u>	<u>\$ 200,072</u>	<u>\$ 389,737</u>	<u>\$ -</u>	<u>\$ 1,171,811</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (455,805)	\$ 371,725
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation and Amortization	5,829	817
Net Realized and Unrealized (Gains) Losses on Investments	335,018	(308,704)
Forgiveness of Paycheck Protection Program Loan	(83,565)	(80,175)
Contributed Other Assets	-	(23,173)
(Increase) Decrease in Assets:		
Contributions Receivable	(11,227)	-
Due from Related Entities	(10,545)	(2,790)
Prepaid Expenses	(2,453)	4,982
Other Assets	17,068	(572)
Increase in Liabilities:		
Accounts Payable and Accrued Expenses	33,629	26,818
Due to Related Entities	54,637	(20,459)
Deferred Revenue	156,500	-
Deferred Rent	(2,192)	(1,162)
Net Cash Provided (Used) by Operating Activities	36,894	(32,693)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(793,604)	(92,714)
Proceeds from Sales of Investments	774,552	85,426
Purchases of Property and Equipment	(10,112)	(1,827)
Net Cash Used by Investing Activities	(29,164)	(9,115)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease Obligations	(196)	(2,296)
Proceeds from Paycheck Protection Program Loan	-	83,565
Net Cash Provided (Used) by Financing Activities	(196)	81,269
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	7,534	39,461
Cash and Cash Equivalents - Beginning of Year	506,776	467,315
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 514,310	\$ 506,776
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Contributed Other Assets	\$ -	\$ 23,173

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

**NOTE 1 ORGANIZATION**

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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

**Cash and Cash Equivalents**

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

**Investments**

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

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

**Property and Equipment, Net**

Property and equipment having a unit cost greater than \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 5 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

**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.

**MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

**Net Assets (Continued)**

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

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

**Revenue Recognition**

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

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was approximately \$480,000 and \$97,000 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.

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.

**MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

**Revenue Recognition (Continued)**

The Foundation received in-kind contributions of assets, services, and materials that are reported in the statements of activities as follows at August 31:

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2022</u>				
Wish Related	\$ 152,902	\$ -	\$ -	\$ 152,902
Other	13,728	14,147	117	27,992
Total	<u>\$ 166,630</u>	<u>\$ 14,147</u>	<u>\$ 117</u>	<u>180,894</u>
Internal Special Events				28,945
Other Assets				(22,113)
Contributions Receivable, Net Change				11,227
Total				<u>\$ 198,953</u>
 <u>August 31, 2021</u>				
Wish Related	\$ 78,173	\$ -	\$ -	\$ 78,173
Rent	428	118	154	700
Other	217	-	-	217
Total	<u>\$ 78,818</u>	<u>\$ 118</u>	<u>\$ 154</u>	<u>79,090</u>
Internal Special Events				22,551
Other Assets				23,173
Total				<u>\$ 124,814</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.

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. Sponsorship and any other revenue received for special events is recognized as deferred revenue when received and is then recognized as revenue when the event occurs. 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 \$219,938 and \$29,325, respectively.

**MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

**Revenue Recognition (Continued)**

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

**Income Taxes**

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

Management believes that no uncertain tax positions exist for the Foundation at August 31, 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. During the fiscal years ended August 31, 2022 and 2021, the Foundation incurred no joint costs.

**Management and General**

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

**MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

**Functional Expenses (Continued)**

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

**Deferred Rent**

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$613 and \$2,805, respectively at August 31, 2022 and 2021.

**Management Estimates**

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

**Adoption of Accounting Pronouncement**

In 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.



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**NOTE 3 LIQUIDITY AND AVAILABILITY**

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

	2022	2021
Total Financial Assets	\$ 3,037,219	\$ 3,323,879
Donor Imposed Restrictions:		
Restricted Funds	(11,227)	-
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 3,025,992	\$ 3,323,879

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

**NOTE 4 FAIR VALUE MEASUREMENTS**

**Fair Value of Financial Instruments**

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

The fair values of the financial instruments shown in the following table as of August 31, 2022 and 2021 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

**Overall Investment Objective**

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

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

**Fair Value Hierarchy**

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Assets Not Held at Fair Value</u>	<u>Total</u>
<u>August 31, 2022</u>					
Investments:					
Mutual Funds	\$ 257,708	\$ -	\$ -	\$ -	\$ 257,708
Exchange-Traded Funds	1,909,417	-	-	-	1,909,417
Cash	-	-	-	320,668	320,668
Total Investments	<u>\$ 2,167,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 320,668</u>	<u>\$ 2,487,793</u>
<u>August 31, 2021</u>					
Investments:					
Mutual Funds	\$ 259,871	\$ -	\$ -	\$ -	\$ 259,871
Exchange-Traded Funds	2,368,887	-	-	-	2,368,887
Cash	-	-	-	175,001	175,001
Total Investments	<u>\$ 2,628,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,001</u>	<u>\$ 2,803,759</u>

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

The Foundation's contributions receivable as of August 31, 2022 and 2021 are \$11,227 and \$-0-, respectively, which is due from one donor. All contributions receivable are due within the next twelve months.

**NOTE 6 TRANSACTIONS WITH RELATED ENTITIES**

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2022 and 2021, respectively, the Foundation received \$242,359 and \$270,062 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. The Foundation contributed \$-0- and \$20,000 to this program during the years ended August 31, 2022 and 2021, respectively.

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**NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)**

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 \$128,256 and \$163,344 were paid from the Foundation to the National Organization during the years ended August 31, 2022 and 2021, respectively.

Chapters who assist with the organization and granting of wishes from other chapters are paid a “fee for service” called the wish assist fee. Under this program, the originating chapter agrees to pay a fee to the chapter of the wish destination to assist with any planning, booking, and facilitating of the wish for the home chapter. Under this program, the Foundation received \$1,700 and \$200, respectively, for the years ended August 31, 2022 and 2021, which is recorded in the accompanying statements of activities as Other Income.

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

	2022	2021
Due from National Organization	\$ 23,398	\$ 13,144
Due from Other Chapters	491	200
Total Due from Related Entities	\$ 23,889	\$ 13,344
Due to National Organization	\$ 5,303	\$ 314
Due to Other Chapters	49,648	-
Total Due to Related Entities	\$ 54,951	\$ 314

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 \$83,205 and \$32,007, respectively.

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**NOTE 7 PROPERTY AND EQUIPMENT, NET**

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

	2022	2021
Computer Equipment and Software	\$ 60,274	\$ 44,836
Other Equipment	31,206	36,532
Leasehold Improvements	368	368
Total	91,848	81,736
Less: Accumulated Depreciation and Amortization	(72,591)	(66,762)
Property and Equipment, Net	\$ 19,257	\$ 14,974

Depreciation and amortization expense totaled \$5,829 and \$817, respectively, for the years ended August 31, 2022 and 2021.

**NOTE 8 LEASES**

The Foundation is obligated under an operating lease for offices, that expires November 30, 2027. Total rent expense for the operating lease for the years ended August 31, 2022 and 2021 totaled \$55,559 and \$55,802, respectively.

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

<u>Year Ending August 31,</u>	<u>Amount</u>
2023	\$ 56,576
2024	57,840
2025	57,840
2026	57,840
2027	57,840
Thereafter	14,460
Total Minimum Lease Payments	302,396
Less: Amounts Representing Interest	-
Present Value of Net Minimum Lease Payments	\$ 302,396

Subsequent to year-end the Foundation entered into a new lease which requires monthly payments of \$143 through October 2027.

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**NOTE 9 NET ASSETS**

**Net Assets With Donor Restrictions**

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

	2022	2021
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 11,227	\$ -
Total Donor Restricted Net Assets	\$ 11,227	\$ -

**NOTE 10 RETIREMENT PLAN**

The Foundation has a Simple IRA retirement plan (the Plan). All employees are eligible for participation in the Plan. Under the provisions of the Plan, employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 3% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2022 and 2021 were \$10,059 and \$7,863, respectively.

**NOTE 11 CONCENTRATIONS OF CREDIT RISK**

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

No donors represented a concentration of total raised revenue for the year ended August 31, 2022. Contributions totaling \$282,563 were received from two donors for the year ended August 31, 2021, representing 23% of total raised revenue, which consists of total public support and gross internal special event revenue. Should these contribution levels decrease, the Foundation may be adversely affected.

**NOTE 12 LITIGATION AND CLAIMS**

The Foundation is periodically involved in litigation and claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position, change in net assets, or liquidity.

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**NOTE 13 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 76 and 54 wishes, respectively. As of August 31, 2022 and 2021, respectively, there were approximately 110 and 125 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2022 was \$5,731 in cash and \$1,805 in in-kind for a total cost of \$7,536. The average cost of a wish for the year ended August 31, 2021 was \$4,016 in cash and \$1,739 in in-kind for a total cost of \$5,755.

**NOTE 14 RISKS AND UNCERTAINTIES**

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

As of September 15, 2021, in consultation with the NMAC, the pause on domestic travel to large gatherings was lifted, if travel occurred by automobile. The pause on airline travel was lifted December 1, 2021 with a graduated approach with full domestic travel resuming June of 2022. International and cruise wish travel is still paused as of August 31, 2022. Prior to fiscal year 2020, travel wishes have been approximately 78% of wishes granted and the number of granted wishes averaged approximately 80. The number of wishes granted during the years ended August 31, 2022 and 2021 was 76 and 54, respectively.

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

**NOTE 15 PAYCHECK PROTECTION PROGRAM**

The Foundation applied for and was approved for a \$80,175 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 16, 2020. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the federal government. The Foundation received forgiveness of \$80,175 on April 6, 2021.

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**NOTE 15 PAYCHECK PROTECTION PROGRAM (CONTINUED)**

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$83,565 loan. The loan was received on January 26, 2021. The loan accrues interest at 1%, with the first 10 months of interest deferred, has a term of five years and is unsecured and guaranteed by the Small Business Administration. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation received forgiveness of \$83,565 on December 15, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Foundation's financial position.

**NOTE 16 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statements of financial position date through March 22, 2023, the date at which the financial statements were available to be issued.



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