

**MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS
AND RHODE ISLAND, INC.**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2022 AND 2021



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Massachusetts and Rhode Island, Inc.
Boston, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Massachusetts and Rhode Island, 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 Massachusetts and Rhode Island, 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 Massachusetts and Rhode Island, 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 Massachusetts and Rhode Island, 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 Massachusetts and Rhode Island, 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 Massachusetts and Rhode Island, 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

Boston, Massachusetts
February 10, 2023

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 2,833,386	\$ 2,657,719
Investments	13,422,935	14,968,706
Due from Related Entities	102,681	83,066
Prepaid Expenses and Other Assets	142,857	302,578
Contributions Receivable, Net	626,490	748,315
Investments Held for Long-Term Purposes	105,004	126,440
Property and Equipment, Net	625,189	563,147
Total Assets	\$ 17,858,542	\$ 19,449,971
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 471,046	\$ 343,049
Due to Related Entities	73,907	12,118
Deferred Rent	154,066	147,954
Other Liabilities	123,000	119,471
Paycheck Protection Program	-	499,300
Total Liabilities	822,019	1,121,892
NET ASSETS		
Without Donor Restrictions:		
Operating	8,376,581	8,315,370
Board-Designated	7,699,145	8,873,261
Total Net Assets Without Donor Restrictions	16,075,726	17,188,631
With Donor Restrictions	960,797	1,139,448
Total Net Assets	17,036,523	18,328,079
Total Liabilities and Net Assets	\$ 17,858,542	\$ 19,449,971

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 4,856,322	\$ 24,786	\$ 4,881,108
Contributions, Donated Goods and Services	1,259,263	443,302	1,702,565
Grants	25,500	-	25,500
Total Public Support	6,141,085	468,088	6,609,173
Internal Special Events, Cash	1,885,310	-	1,885,310
Internal Special Events, Donated Goods and Services	3,600	3,360	6,960
Less: Costs of Direct Benefits to Donors, Cash	(612,500)	-	(612,500)
Less: Costs of Direct Benefits to Donors, Donated Goods and Services	(3,600)	-	(3,600)
Total Internal Special Events	1,272,810	3,360	1,276,170
Appropriation of Nonoperating Assets for Operations	471,000	-	471,000
Forgiveness of Paycheck Protection Program Loan	499,300	-	499,300
Other Income	22,854	-	22,854
Net Assets Released from Restrictions	629,363	(629,363)	-
Total Operating Revenues, Gains, and Other Support	9,036,412	(157,915)	8,878,497
EXPENSES			
Program Services:			
Wish Granting	3,307,846	-	3,307,846
Program-Related Support	2,147,606	-	2,147,606
Total Program Services	5,455,452	-	5,455,452
Support Services:			
Fundraising	1,022,357	-	1,022,357
Management and General	1,574,148	-	1,574,148
Total Support Services	2,596,505	-	2,596,505
Total Program and Support Services Expense	8,051,957	-	8,051,957
CHANGE IN NET ASSETS FROM OPERATIONS	984,455	(157,915)	826,540
NONOPERATING ACTIVITIES			
Interest Income and Investment Gains, Net	(1,733,958)	(14,338)	(1,748,296)
Contributions for Long-Term Purposes	100,500	700	101,200
Appropriation of Endowment Assets for Operations	(463,902)	(7,098)	(471,000)
Change in Net Assets from Nonoperating Activities	(2,097,360)	(20,736)	(2,118,096)
CHANGE IN NET ASSETS	(1,112,905)	(178,651)	(1,291,556)
Net Assets - Beginning of Year	17,188,631	1,139,448	18,328,079
NET ASSETS - END OF YEAR	\$ 16,075,726	\$ 960,797	\$ 17,036,523

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 3,459,619	\$ 168,472	\$ 3,628,091
Contributions, Donated Goods and Services	415,409	75,703	491,112
Grants	23,975	-	23,975
Total Public Support	3,899,003	244,175	4,143,178
Internal Special Events, Cash	1,795,939	-	1,795,939
Less: Costs of Direct Benefits to Donors	(323,887)	-	(323,887)
Total Internal Special Events	1,472,052	-	1,472,052
Appropriation of Nonoperating Assets for Operations	426,000	-	426,000
Forgiveness of Paycheck Protection Program Loan	438,900	-	438,900
Other Income	10,667	-	10,667
Net Assets Released from Restrictions	438,271	(438,271)	-
Total Operating Revenues, Gains, and Other Support	6,684,893	(194,096)	6,490,797
EXPENSES			
Program Services:			
Wish Granting	1,926,543	-	1,926,543
Program-Related Support	1,532,051	-	1,532,051
Total Program Services	3,458,594	-	3,458,594
Support Services:			
Fundraising	1,409,894	-	1,409,894
Management and General	1,508,414	-	1,508,414
Total Support Services	2,918,308	-	2,918,308
Total Program and Support Services Expense	6,376,902	-	6,376,902
CHANGE IN NET ASSETS FROM OPERATIONS	307,991	(194,096)	113,895
NONOPERATING ACTIVITIES			
Interest Income and Investment Gains, Net	2,552,386	15,524	2,567,910
Loss on Disposal of Fixed Assets	-	14,000	14,000
Appropriation of Endowment Assets for Operations	(422,074)	(3,926)	(426,000)
Change in Net Assets from Nonoperating Activities	2,130,312	25,598	2,155,910
CHANGE IN NET ASSETS	2,438,303	(168,498)	2,269,805
Net Assets - Beginning of Year	14,750,328	1,307,946	16,058,274
NET ASSETS - END OF YEAR	\$ 17,188,631	\$ 1,139,448	\$ 18,328,079

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2022

	Program Services			Support Services			Direct Donor Benefits	Total
	Wish Granting	Program-Related Support	Total Program Services	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 3,307,846	\$ -	\$ 3,307,846	\$ -	\$ -	\$ -	\$ -	\$ 3,307,846
Salaries, Taxes, and Benefits	-	1,367,359	1,367,359	601,827	1,162,820	1,764,647	-	3,132,006
Printing, Subscriptions, and Publications	-	1,841	1,841	20,317	1,384	21,701	-	23,542
Professional Fees	-	41,029	41,029	23,116	54,307	77,423	-	118,452
Advertising	-	9,013	9,013	8,338	3,446	11,784	-	20,797
Rent and Utilities	-	200,589	200,589	114,798	162,518	277,316	-	477,905
Postage and Delivery	-	6,070	6,070	14,398	2,916	17,314	-	23,384
Travel	-	268	268	861	5,030	5,891	-	6,159
Meetings and Conferences	-	2,853	2,853	108,330	18,593	126,923	-	129,776
Office Supplies	-	11,708	11,708	4,997	11,231	16,228	-	27,936
Communications	-	11,160	11,160	6,377	9,034	15,411	-	26,571
Repairs and Maintenance	-	10,435	10,435	7,923	7,963	15,886	-	26,321
National Partnership Dues	-	366,129	366,129	59,372	69,268	128,640	-	494,769
Miscellaneous	-	76,725	76,725	27,459	31,292	58,751	-	135,476
Depreciation and Amortization	-	42,427	42,427	24,244	34,346	58,590	-	101,017
Special Event Expense	-	-	-	-	-	-	616,100	616,100
Total	3,307,846	2,147,606	5,455,452	1,022,357	1,574,148	2,596,505	616,100	8,668,057
Less Expenses Netted Against Revenues on the Statement of Activities:								
Special Event Expenses	-	-	-	-	-	-	(616,100)	(616,100)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 3,307,846	\$ 2,147,606	\$ 5,455,452	\$ 1,022,357	\$ 1,574,148	\$ 2,596,505	\$ -	\$ 8,051,957

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021

	Program Services			Support Services			Direct Donor Benefit	Total
	Wish Granting	Program-Related Support	Total Program Services	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 1,926,543	\$ -	\$ 1,926,543	\$ -	\$ -	\$ -	\$ -	\$ 1,926,543
Salaries, Taxes, and Benefits	-	921,463	921,463	1,011,519	990,468	2,001,987	-	2,923,450
Printing, Subscriptions, and Publications	-	10,579	10,579	18,648	1,875	20,523	-	31,102
Professional Fees	-	29,665	29,665	36,706	231,009	267,715	-	297,380
Advertising	-	13,188	13,188	13,194	-	13,194	-	26,382
Rent and Utilities	-	161,245	161,245	165,674	145,483	311,157	-	472,402
Postage and Delivery	-	2,833	2,833	7,067	2,871	9,938	-	12,771
Travel	-	186	186	601	874	1,475	-	1,661
Meetings and Conferences	-	4	4	32,682	1,934	34,616	-	34,620
Office Supplies	-	1,000	1,000	1,050	1,935	2,985	-	3,985
Communications	-	7,943	7,943	8,177	7,242	15,419	-	23,362
Repairs and Maintenance	-	9,225	9,225	7,593	6,759	14,352	-	23,577
National Partnership Dues	-	331,006	331,006	59,765	68,960	128,725	-	459,731
Miscellaneous	-	13,778	13,778	16,401	21,709	38,110	-	51,888
Depreciation and Amortization	-	29,936	29,936	30,817	27,295	58,112	-	88,048
Special Event Expenses	-	-	-	-	-	-	323,887	323,887
Total	1,926,543	1,532,051	3,458,594	1,409,894	1,508,414	2,918,308	323,887	6,700,789
Less: Expenses Netted Against Revenues on the Statement of Activities:								
Special Event Expenses	-	-	-	-	-	-	(323,887)	(323,887)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 1,926,543	\$ 1,532,051	\$ 3,458,594	\$ 1,409,894	\$ 1,508,414	\$ 2,918,308	\$ -	\$ 6,376,902

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,291,556)	\$ 2,269,805
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	101,017	88,048
Forgiveness of Paycheck Protection Program Loan	(499,300)	(438,900)
Net Realized and Unrealized (Gain) Loss on Investments	1,707,472	(2,608,724)
Contributed Property and Equipment, Inventory and Investments	(207,902)	-
Change in Discount to Present Value of Contributions Receivable	(1,799)	(4,044)
(Increase) Decrease in Assets:		
Contributions Receivable	123,624	158,708
Due from Related Entities	(19,615)	(25,431)
Prepaid Expenses and Other Assets	163,081	16,269
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	127,997	39,378
Due to Related Entities	61,789	12,118
Deferred Rent	6,112	14,411
Other Liabilities	3,529	(5,729)
Net Cash Provided (Used) by Operating Activities	274,449	(484,091)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(100,000)	(44,000)
Proceeds from Sales of Investments	40,824	40,814
Purchases of Property and Equipment	(39,606)	(24,231)
Net Cash Used by Investing Activities	(98,782)	(27,417)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	-	499,300
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	175,667	(12,208)
Cash and Cash Equivalents - Beginning of Year	2,657,719	2,669,927
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,833,386	\$ 2,657,719
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Contributed Property and Equipment, Inventory and Investments	\$ 207,902	\$ -

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Massachusetts and Rhode Island, Inc. (the Foundation) is a Massachusetts 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 (the National Organization), which develops and implement 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. Investments are valued by using the net asset value (NAV) per share (or its equivalent), as a practical expedient.

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

Contributions Receivable

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

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost 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. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 5 to 10 years. 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.

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.

The Foundation utilizes the NAV per share or its equivalent for valuing certain investments in funds that do not have readily determinable fair values. NAV, in many instances, may not equal fair value.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

Operations

The statement of activities reports the change in net assets from operating and nonoperating activities. Operating activities consist of those items attributed to public support, special events less direct benefit costs, and related expenses for program services and support services for the purpose of granting wishes to children with life-threatening medical conditions.

Income and realized and unrealized gains and losses from investments, net of appropriation and other items not related to the Foundation's operations are reported as nonoperating activities.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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

Special event revenue consists of registrations, sponsorships, and other contributions. The exchange element of the special event revenue was approximately \$616,100 and \$323,887 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.

Conditional promises to give are not recognized as contribution revenue and receivables until the conditions have been substantially met. For the years ended August 31, 2022 and 2021, there were no conditional promises outstanding.

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 and services and materials that are reported in the statements of activities as follows:

	August 31, 2022			Total
	Programs	Fundraising	Management and General	
Program and Support Service Purpose:				
Wish Related	\$ 1,076,579	\$ -	\$ -	\$ 1,076,579
Professional Services	34,747	23,284	21,652	79,683
Property and Equipment	3,000	1,715	2,429	7,144
Other	45,198	4,000	-	49,198
	<u>\$ 1,159,524</u>	<u>\$ 28,999</u>	<u>\$ 24,081</u>	1,212,604
In-Kind Receivable (Asset)				394,838
Auction Items				(17,170)
Property and Equipment (Capitalized)				123,453
In-Kind Wish-related Inventory (Asset)				(7,800)
Total				<u>\$ 1,705,925</u>

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

	August 31, 2021			Total
	Programs	Fundraising	Management and General	
Program and Support Service Purpose:				
Wish Related	\$ 373,221	\$ -	\$ -	\$ 373,221
Professional Services	36,197	37,282	20,979	94,458
Other	441	-	-	441
Total	<u>\$ 409,859</u>	<u>\$ 37,282</u>	<u>\$ 26,040</u>	468,120
Auction Items				(33,272)
Contributions Receivable, Net Change				48,464
Other Assets, Net Change				7,800
Total				<u>\$ 491,112</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. Professional services are valued and reported at the estimated fair value based on current rates for similar services. Donated rent is valued and reported at the estimated fair value on the basis of comparable lease agreements 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. 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 \$278,230 and \$134,650, respectively.

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.

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.

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.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a nonprofit organization exempt from federal income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and state income taxes of the Massachusetts Department of Revenue Taxation Code and state of Rhode Island Division of Taxation. 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 four functions: wish granting, program-related support, fundraising, and management and general. Definitions of these functions are as follows:

Wish Granting

Activities performed by the Foundation that grant wishes to children with critical illnesses.

Program-Related Support

Activities performed by the Foundation related to the wish program including the identification of wish candidates and the determination and delivery of each wish. Specific activities include, but are not limited to, the development of wish resources, handling of wish referrals, and administration of the wish program.

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 joint costs for activities that include fundraising appeals (primarily direct mail campaigns and newsletters), which have been allocated as follows:

	2022	2021
Fundraising	\$ 10,585	\$ 3,930
Wish Granting	10,585	3,930
Total	\$ 21,170	\$ 7,860

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.

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NOTES TO FINANCIAL STATEMENTS
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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 \$154,066 and \$147,954, respectively, at August 31, 2022 and 2021.

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.

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated 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 MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
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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 six months to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

	<u>2022</u>	<u>2021</u>
Total Financial Assets	\$ 17,090,496	\$ 18,584,246
Donor-Imposed Restrictions:		
Restricted Funds	(855,093)	(1,013,008)
Endowments	<u>(105,704)</u>	<u>(126,440)</u>
Net Financial Assets after Donor-Imposed Restrictions	16,129,699	17,444,798
Internal Designations:		
Board-Designated Endowments	<u>(7,699,145)</u>	<u>(8,873,261)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 8,430,554</u>	<u>\$ 8,571,537</u>

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 \$7,699,145 and \$8,873,261, respectively, at August 31, 2022 and 2021 is subject to an annual spending rate of 4% to 6% as described in Note 10. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value of Financial Instruments

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.

The Foundation uses NAV per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

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 investment 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, except those measured at cost or by NAV per share as a practical expedient, at August 31, 2022:

	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
Assets					
Investments:					
Equity Securities	\$ 80,774	\$ -	\$ -	\$ -	\$ 80,774
Cash	-	-	-	315	315
Alternative Investments	-	-	-	13,446,850	13,446,850
Total Investments	<u>\$ 80,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,447,165</u>	<u>\$ 13,527,939</u>

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at August 31:

<u>Investment Strategy</u>	2022			
	<u>NAV in Funds</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
FIAM Total				
Endowment Fund, LP	\$ 13,446,850	\$ -	Daily	15
Total	<u>\$ 13,446,850</u>	<u>\$ -</u>		
<u>Investment Strategy</u>	2021			
	<u>NAV in Funds</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
FIAM Total				
Endowment Fund, LP	\$ 15,095,146	\$ -	Daily	15
Total	<u>\$ 15,095,146</u>	<u>\$ -</u>		

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from 4.25% to 6.00% for both years ended August 31, 2022 and 2021. The following is a summary of the Foundation's contributions receivable at August 31:

	<u>2022</u>	<u>2021</u>
Total Amounts Due in:		
Within One Year	\$ 578,289	\$ 292,858
One to Five Years	50,000	459,055
Gross Contributions Receivable	628,289	751,913
Less: Discount to Present Value	(1,799)	(3,598)
Contributions Receivable, Net	<u>\$ 626,490</u>	<u>\$ 748,315</u>

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 \$1,219,450 and \$1,142,821 from these national revenue streams.

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NOTES TO FINANCIAL STATEMENTS
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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 \$494,769 and \$459,731 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 \$3,300 and \$975, 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:

	<u>2022</u>	<u>2021</u>
Due from National Organization	\$ 94,620	\$ 83,066
Due from Other Chapters	8,061	-
Total Due from Related Entities	<u>\$ 102,681</u>	<u>\$ 83,066</u>
Due to National Organization	\$ 3,395	\$ 313
Due to Other Chapters	70,512	11,805
Total Due to Related Entities	<u>\$ 73,907</u>	<u>\$ 12,118</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 and their affiliated organizations totaling \$570,110 and \$394,980, respectively, amounts due from board members and their affiliated organizations totaled \$0 and \$61,000, respectively, and are included in contributions receivable in the accompanying statements of financial position.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	<u>2022</u>	<u>2021</u>
Computer and Software	\$ 114,091	\$ 89,490
Furniture	932,244	793,786
Leasehold Improvements	<u>10,350</u>	<u>10,350</u>
Subtotal	1,056,685	893,626
Less: Accumulated Depreciation and Amortization	<u>(431,496)</u>	<u>(330,479)</u>
Property and Equipment, Net	<u><u>\$ 625,189</u></u>	<u><u>\$ 563,147</u></u>

Depreciation and amortization expense totaled \$101,017 and \$88,048, respectively, for the years ended August 31, 2022 and 2021.

NOTE 8 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through February 28, 2029. Total rent expense for all operating leases for the years ended August 31, 2022 and 2021 totaled \$456,341 and \$454,825, respectively.

Subsequent to year-end, the Foundation entered into a new lease agreement that begins on January 1, 2023 through August 31, 2027. Future minimum lease payments are included in the table below.

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	\$ 445,363
2024	442,161
2025	440,711
2026	440,629
2027	440,629
Thereafter	635,001
Total Minimum Lease Payments	<u><u>\$ 2,844,494</u></u>

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 NET ASSETS

Net Assets Without Donor Restrictions

Board-designated net assets are for a board-designated endowment as of August 31, 2022 and 2021 and total \$7,699,145 and \$8,873,261, respectively.

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	\$ 667,946	\$ 292,026
Future Events	3,959	21,130
Endowment Earnings Subject to Appropriations	6,560	27,996
Total	678,465	341,152
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	183,188	699,852
Endowments:		
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:	99,144	98,444
Total	99,144	98,444
Total Donor-Restricted Net Assets	\$ 960,797	\$ 1,139,448

NOTE 10 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 several 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.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Massachusetts 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:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 7,699,145	\$ -	\$ 7,699,145
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	99,144	99,144
Accumulated Investment Gains	-	6,560	6,560
Total Funds	\$ 7,699,145	\$ 105,704	\$ 7,804,849
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 8,873,261	\$ -	\$ 8,873,261
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	98,444	98,444
Accumulated Investment Gains	-	27,996	27,996
Total Funds	\$ 8,873,261	\$ 126,440	\$ 8,999,701

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ 8,873,261	\$ 126,440	\$ 8,999,701
Investment Return:			
Investment Fees	(23,973)	(367)	(24,340)
Net Depreciation	(786,741)	(13,971)	(800,712)
Total Investment Return	(810,714)	(14,338)	(825,052)
Contributions	100,500	700	101,200
Appropriation of Endowment Assets for Expenditure	(463,902)	(7,098)	(471,000)
Endowment Funds - End of Year	<u>\$ 7,699,145</u>	<u>\$ 105,704</u>	<u>\$ 7,804,849</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ 7,617,031	\$ 100,842	\$ 7,717,873
Investment Return:			
Investment Fees	(24,904)	(231)	(25,135)
Net Appreciation (Realized and Unrealized)	1,703,208	15,755	1,718,963
Total Investment Return	1,678,304	15,524	1,693,828
Contributions	-	14,000	14,000
Appropriation of Endowment Assets for Expenditure	(422,074)	(3,926)	(426,000)
Endowment Funds - End of Year	<u>\$ 8,873,261</u>	<u>\$ 126,440</u>	<u>\$ 8,999,701</u>

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. There are no fund deficiencies as of August 31, 2022 and 2021.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 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. 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 exceed an average rate of return of approximately 4% annually. 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 within a range of 4% to 6% of its endowment fund's average fair value over the prior three years 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 rate greater than 4% annually, prior to the 4% to 6% appropriation for distribution previously noted. 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 11 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan as of their date of hire. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. Eligible employees who have been employed with the Foundation for one year or more are eligible to receive an employer contribution to their 403(b) account. As of August 31, 2022 and 2021, the Foundation contributes up to 5% of the employee's salary, per board discretion. Foundation contributions to the Plan for the years ended August 31, 2022 and 2021 were \$99,297 and \$84,682, respectively.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 CONCENTRATIONS OF CREDIT RISK

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

Contributions totaling \$1,722,275 were received from two donors for the year ended August 31, 2022, which represents 20% of raised revenue which consists of total public support and gross internal special event revenue. Contributions totaling \$813,567 were received from one donor for the year ended August 31, 2021, which represents 20% of raised revenue. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 13 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 14 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal years ended August 31, 2022 and 2021, the Foundation granted 311 and 264 wishes, respectively. As of August 31, 2022 and 2021, respectively, there were approximately 600 and 530 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2022 was \$7,110 in cash and \$3,448 in in-kind for a total cost of \$10,558. The average cost of a wish for the year ended August 31, 2021 was \$5,816 in cash and \$1,415 in in-kind for a total cost of \$7,230.

NOTE 15 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.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 16 RISKS AND UNCERTAINTIES (CONTINUED)

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 72% of wishes granted and the number of granted wishes averaged approximately 347. The number of wishes granted during the years ended August 31, 2022 and 2021 was 311 and 264, respectively.

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

NOTE 17 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$438,900 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (SBA). The loan was received on April 20, 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 \$438,900 on January 12, 2021.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$499,300 loan. The loan was received on March 19, 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 SBA. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation received forgiveness of \$499,300 on October 29, 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 18 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through February 10, 2023, the date at which the financial statements were available to be issued.