

**MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND
EMPIRE, INC.**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2021 AND 2020



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MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® Orange County &
The Inland Empire, Inc.
Irvine, California

We have audited the accompanying financial statements of Make-A-Wish Foundation® Orange County & The Inland Empire, Inc. which comprise the statements of financial position as of August 31, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Make-A-Wish Foundation® Orange County & The Inland Empire, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® Orange County & The Inland Empire, Inc. as of August 31, 2021 and 2020 and change in its net assets and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
March 17, 2022

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 641,953	\$ 414,636
Investments	1,731,879	1,471,134
Due from Related Entities	246,506	74,647
Prepaid Expenses	119,035	127,207
Contributions Receivable, Net	117,459	49,459
Other Assets	156,561	132,111
Split-Interest Agreements	324,854	296,116
Investments Held for Long-Term Purposes	123,366	108,344
Property and Equipment, Net	112,494	101,382
Total Assets	\$ 3,574,107	\$ 2,775,036
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 224,910	\$ 119,769
Due to Related Entities	101,150	19,596
Other Liabilities	225,529	161,829
Deferred Rent	53,613	103,634
Capital Lease Obligations	80,152	39,463
Paycheck Protection Program	250,977	295,805
Total Liabilities	936,331	740,115
NET ASSETS		
Without Donor Restrictions	2,068,811	1,765,121
With Donor Restrictions	568,965	269,800
Total Net Assets	2,637,776	2,034,921
Total Liabilities and Net Assets	\$ 3,574,107	\$ 2,775,036

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 2,190,970	\$ 18,708	\$ 2,209,678
Grants	116,525	150,000	266,525
Total Public Support	2,307,495	168,708	2,476,203
Internal Special Events	702,787	104,100	806,887
Less Costs of Direct Benefits to Donors	(197,901)	-	(197,901)
Total Internal Special Events	504,886	104,100	608,986
Investment Income, Net	262,907	13,370	276,277
Forgiveness of Paycheck Protection Program Loan	295,805	-	295,805
Other Income	9,750	-	9,750
Net Assets Released from Restrictions	40,000	(40,000)	-
	3,420,843	246,178	3,667,021
EXPENSES			
Program Services:			
Wish Granting	1,798,740	-	1,798,740
Total Program Services	1,798,740	-	1,798,740
Support Services:			
Fundraising	746,663	-	746,663
Management and General	586,123	-	586,123
Total Support Services	1,332,786	-	1,332,786
Total Expenses	3,131,526	-	3,131,526
OTHER GAINS AND LOSSES			
Change in Split-Interest Agreements	-	52,987	52,987
Gains on Sale of Equipment	14,373	-	14,373
Total Other Gains	14,373	52,987	67,360
CHANGE IN NET ASSETS	303,690	299,165	602,855
Net Assets - Beginning of Year	1,765,121	269,800	2,034,921
NET ASSETS - END OF YEAR	\$ 2,068,811	\$ 568,965	\$ 2,637,776

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 3,274,636	\$ 123,706	\$ 3,398,342
Grants	93,149	-	93,149
Total Public Support	3,367,785	123,706	3,491,491
Internal Special Events	1,052,051	-	1,052,051
Less Costs of Direct Benefits to Donors	(300,764)	-	(300,764)
Total Internal Special Events	751,287	-	751,287
Investment Income, Net	132,459	7,475	139,934
Other Income	80,841	-	80,841
Net Assets Released from Restrictions	161,654	(161,654)	-
	4,494,026	(30,473)	4,463,553
EXPENSES			
Program Services:			
Wish Granting	2,926,185	-	2,926,185
Total Program Services	2,926,185	-	2,926,185
Support Services:			
Fundraising	1,058,643	-	1,058,643
Management and General	506,232	-	506,232
Total Support Services	1,564,875	-	1,564,875
Total Expenses	4,491,060	-	4,491,060
OTHER (GAINS) LOSSES			
Change in Split Interest Agreements	-	10,581	10,581
Total Other Gains	-	10,581	10,581
CHANGE IN NET ASSETS	2,966	(19,892)	(16,926)
Net Assets - Beginning of Year	1,762,155	289,692	2,051,847
NET ASSETS - END OF YEAR	\$ 1,765,121	\$ 269,800	\$ 2,034,921

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021

	Program Services		Support Services				
	Wish Granting	Total Program Services	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	\$ 699,062	\$ 699,062	\$ -	\$ -	\$ -	\$ -	\$ 699,062
Salaries, Taxes, and Benefits	618,385	618,385	353,538	290,178	643,716	-	1,262,101
Printing, Subscriptions, and Publications	2,386	2,386	26,567	1,264	27,831	-	30,217
Professional Fees	148	148	145,960	120,315	266,275	-	266,423
Rent and Utilities	170,940	170,940	97,680	80,237	177,917	-	348,857
Postage and Delivery	1,709	1,709	1,161	1,259	2,420	-	4,129
Travel	50	50	908	400	1,308	-	1,358
Meetings and Conferences	1,131	1,131	5,776	12,522	18,298	-	19,429
Office Supplies	12,695	12,695	1,612	1,400	3,012	-	15,707
Communications	15,027	15,027	7,917	6,503	14,420	-	29,447
Advertising and Media (Cash)	-	-	72	-	72	-	72
Advertising and Media (In-Kind)	-	-	5,450	-	5,450	-	5,450
Repairs and Maintenance	3,045	3,045	1,740	1,429	3,169	-	6,214
Membership Dues	2,513	2,513	1,752	1,179	2,931	-	5,444
National Partnership Dues	223,277	223,277	40,314	46,516	86,830	-	310,107
Miscellaneous	16,605	16,605	38,064	8,010	46,074	-	62,679
Depreciation and Amortization	31,767	31,767	18,152	14,911	33,063	-	64,830
Special Event - Direct Donor Benefits	-	-	-	-	-	197,901	197,901
Total Expenses by Function	<u>1,798,740</u>	<u>1,798,740</u>	<u>746,663</u>	<u>586,123</u>	<u>1,332,786</u>	<u>197,901</u>	<u>3,329,427</u>
Less Expenses Netted Against Revenues on the Statement of Activities:							
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(197,901)</u>	<u>(197,901)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,798,740</u>	<u>\$ 1,798,740</u>	<u>\$ 746,663</u>	<u>\$ 586,123</u>	<u>\$ 1,332,786</u>	<u>\$ -</u>	<u>\$ 3,131,526</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2020

	Program Services		Support Services				
	Wish Granting	Total Program Services	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	\$ 1,789,346	\$ 1,789,346	\$ -	\$ -	\$ -	\$ -	\$ 1,789,346
Salaries, Taxes, and Benefits	581,848	581,848	672,814	303,893	976,707	-	1,558,555
Printing, Subscriptions, and Publications	3,477	3,477	6,867	70	6,937	-	10,414
Professional Fees	28,336	28,336	96,475	95,231	191,706	-	220,042
Rent and Utilities	173,474	173,474	124,579	48,138	172,717	-	346,191
Postage and Delivery	2,884	2,884	4,812	927	5,739	-	8,623
Travel	1,744	1,744	4,862	2,882	7,744	-	9,488
Meetings and Conferences	919	919	2,181	1,131	3,312	-	4,231
Office Supplies	1,787	1,787	2,850	742	3,592	-	5,379
Communications	11,949	11,949	9,242	3,119	12,361	-	24,310
Advertising and Media (Cash)	215	215	11,839	550	12,389	-	12,604
Repairs and Maintenance	3,394	3,394	2,446	935	3,381	-	6,775
Membership Dues	427	427	1,213	82	1,295	-	1,722
National Partnership Dues	263,220	263,220	33,793	30,517	64,310	-	327,530
Miscellaneous	28,057	28,057	59,372	8,344	67,716	-	95,773
Depreciation and Amortization	35,108	35,108	25,298	9,671	34,969	-	70,077
Special Event - Direct Donor Benefits	-	-	-	-	-	300,764	300,764
Total Expenses by Function	2,926,185	2,926,185	1,058,643	506,232	1,564,875	300,764	4,791,824
Less Expenses Netted Against Revenues on the Statement of Activities:							
Special Event Expenses	-	-	-	-	-	(300,764)	(300,764)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 2,926,185	\$ 2,926,185	\$ 1,058,643	\$ 506,232	\$ 1,564,875	\$ -	\$ 4,491,060

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 602,855	\$ (16,926)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Used by Operating Activities:		
Depreciation and Amortization	64,830	70,077
Forgiveness of Paycheck Protection Program Loan	(295,805)	-
Net Realized and Unrealized Gains on Investments	(261,159)	(117,973)
Gain on Sale of Property and Equipment	(14,373)	-
Contributed Inventory	23,850	(43,110)
Contributed Split-Interest Agreement	-	(123,706)
Change in Value of Split-Interest Agreements	(52,987)	(10,581)
Change in Discount to Present Value of Contributions Receivable	(541)	(1,708)
(Increase) Decrease in Assets:		
Contributions Receivable	(67,459)	163,363
Due from Related Entities	(171,859)	113,337
Prepaid Expenses	8,172	172,169
Other Assets	(48,300)	938
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	105,141	(476,601)
Due to Related Entities	81,554	(7,060)
Other Liabilities	63,700	(89,560)
Deferred Rent	(50,021)	23,426
Net Cash Used by Operating Activities	(12,402)	(343,915)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(361,451)	(724,298)
Proceeds from Sales of Investments	346,843	937,378
Purchases of Property and Equipment	(5,473)	(1,666)
Proceeds from Annuity	24,249	-
Payments on Annuity	-	(14,550)
Net Cash Provided by Investing Activities	4,168	196,864
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(15,407)	(5,477)
Proceeds from Paycheck Protection Program	250,977	295,805
Proceeds from Line of Credit	-	890,290
Principal Payments on Line of Credit	(19)	(890,290)
Net Cash Provided by Financing Activities	235,551	290,328
NET INCREASE IN CASH AND CASH EQUIVALENTS	227,317	143,277
Cash and Cash Equivalents - Beginning of Year	414,636	271,359
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 641,953	\$ 414,636

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2021 AND 2020

	2021	2020
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest Expense	\$ 10,324	\$ 26,720
Contributed Split-Interest Agreement	\$ -	\$ (123,706)
Acquisition of Equipment Through a Capital Lease	\$ 91,198	\$ -
Contributed Inventory and Property	\$ 23,850	\$ 43,110

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (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.

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® ORANGE COUNTY & THE INLAND EMPIRE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost of 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 15 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances indicate a long-lived asset may be impaired, the asset value will be reduced to fair value. Fair value is determined through various valuation techniques including quoted market values and third-party independent appraisals, as considered necessary.

Fair Value Measurements

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

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).

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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 net asset value (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.

Net Assets

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

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

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

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.

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was \$197,901 for the year ended August 31, 2021. 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.

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

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

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>August 31, 2021</u>				
Wish Related	\$ 105,187	\$ -	\$ -	\$ 105,187
Professional Services	-	-	2,500	2,500
Advertising and Media	-	5,450	-	5,450
Other	11,805	2,316	10,580	24,701
Total	<u>\$ 116,992</u>	<u>\$ 7,766</u>	<u>\$ 13,080</u>	<u>137,838</u>
Special Events				1,850
Other Assets, Net Change				23,850
Contributions Receivable, Net Change				13,359
Total				<u>\$ 176,897</u>
<u>August 31, 2020</u>				
Wish Related	\$ 633,911	\$ -	\$ -	\$ 633,911
Professional Services	-	1,251	-	1,251
Other	-	2,121	40	2,161
Total	<u>\$ 633,911</u>	<u>\$ 3,372</u>	<u>\$ 40</u>	<u>637,323</u>
Other Assets, Net Change				43,110
Total				<u>\$ 680,433</u>

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

An internal special event is a fundraising event coordinated and staffed by Foundation personnel rather than a third-party support group or organization. It is designed to attract people for the purpose of raising mission awareness, for increasing funding from existing donors, and the cultivation of future donors. Internal special event in-kind amounts are donated items recorded at fair value that are used in facilitating the event. Examples of such donated items are generally food, beverage, facility costs, and auction items.

Advertising and media are used to help the Foundation communicate its message or mission and includes fundraising 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 are 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.

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) and Section 23701d of the California Revenue and Taxation Code. 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, 2021 and 2020. The Foundation files income tax returns in the U.S. federal jurisdiction, and applicable state jurisdictions.

Functional Expenses

The Foundation performs five functions: wish granting, training and development, public information, fundraising, and management and general. Definitions of these functions are as follows:

Wish Granting

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

Fundraising

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

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

Management and General

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

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

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 \$53,613 and \$103,634, respectively at August 31, 2021 and 2020.

Management Estimates

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

Reclassifications

Certain items have been reclassified in the prior year financial statements to be consistent with current year presentation. There was no effect on net assets from the reclassification.

Change in Accounting Principles

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-19, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Foundation's financial statements reflect the adoption of ASU 2014-09 guidance beginning in fiscal year 2021. The adoption of 2014-09 did not impact the Foundation's reported revenue.

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles (Continued)

In August 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820) – Changes to the Disclosure Requirements for Fair Value Measurement*. The update is to improve the effectiveness of disclosures in the notes to the financial statements. The Foundation's financial statements reflect adoption of ASU 2018-13 guidance beginning in for the year-ended August 31, 2021 and retrospectively applied for the year-ended August 31, 2020. The adoption of ASU 2018-13 did not impact the Foundation's reported change in net assets.

NOTE 3 LIQUIDITY AND AVAILABILITY

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

	<u>2021</u>	<u>2020</u>
Total Financial Assets	\$ 2,861,163	\$ 2,118,220
Donor-Imposed Restrictions:		
Restricted Funds	(459,541)	(146,434)
Endowments	<u>(109,424)</u>	<u>(123,366)</u>
Net Financial Assets after Donor-Imposed Restrictions	2,292,198	1,848,420
Internal Designations:		
Board-Designated Endowments	<u>(13,942)</u>	<u>(12,289)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 2,278,256</u>	<u>\$ 1,836,131</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.

As part of the Foundation's liquidity management plan, cash in excess of daily requirements are invested in short-term investments, CDs, and money market funds.

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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, 2021 and 2020 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 net asset value (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 of directors 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 and liabilities that are measured at fair value on a recurring basis, at August 31:

	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2021</u>					
Assets:					
Investments:					
Mutual Funds	\$ 264,177	\$ -	\$ -	\$ -	\$ 264,177
Exchange-Traded Funds	139,226	-	-	-	139,226
Equity Securities	852,988	-	-	-	852,988
Debt Securities	-	475,175	-	-	475,175
Cash	-	-	-	123,679	123,679
Total Investments	<u>1,256,391</u>	<u>475,175</u>	<u>-</u>	<u>123,679</u>	<u>1,855,245</u>
Split-Interest Agreements	<u>-</u>	<u>-</u>	<u>324,854</u>	<u>-</u>	<u>324,854</u>
Total Assets	<u>\$ 1,256,391</u>	<u>\$ 475,175</u>	<u>\$ 324,854</u>	<u>\$ 123,679</u>	<u>\$ 2,180,099</u>
Liabilities:					
Obligations Under Split-Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>137,579</u>	<u>\$ -</u>	<u>\$ 137,579</u>
	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2020</u>					
Assets:					
Investments:					
Mutual Funds	\$ 775,876	\$ -	\$ -	\$ -	\$ 775,876
Exchange-Traded Funds	93,622	-	-	-	93,622
Equity Securities	459,952	-	-	-	459,952
Debt Securities	-	167,808	-	-	167,808
Cash	-	-	-	82,220	82,220
Total Investments	<u>2,658,900</u>	<u>335,616</u>	<u>-</u>	<u>82,220</u>	<u>1,579,478</u>
Split-Interest Agreements	<u>-</u>	<u>-</u>	<u>296,116</u>	<u>-</u>	<u>296,116</u>
Total Assets	<u>\$ 1,329,450</u>	<u>\$ 167,808</u>	<u>\$ 296,116</u>	<u>\$ 82,220</u>	<u>\$ 1,875,594</u>
Liabilities					
Obligations Under Split-Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,829</u>	<u>\$ -</u>	<u>\$ 161,829</u>

For the valuation of debt securities at August 31, 2021 and 2020, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

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NOTES TO FINANCIAL STATEMENTS
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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

The following table presents a rollforward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the years ended August 31:

	<u>2021</u>	<u>2020</u>
Balance - Beginning of Year	\$ 296,116	\$ -
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	52,987	10,581
Purchases	-	300,085
Issues	-	-
Sales	-	-
Settlements	(24,249)	(14,550)
Balance - End of Year	<u>\$ 324,854</u>	<u>\$ 296,116</u>
Change in Unrealized Gains or Losses for the Period Included in the Change in Net Assets Relating to Investments Still Held at End of Reporting Period	<u>\$ 52,987</u>	<u>\$ 10,581</u>

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at a rate of 1.8% at August 31, 2021 and 2020. The following is a summary of the Foundation's contributions receivable at August 31:

	<u>2021</u>	<u>2020</u>
Total Amounts Due in:		
Within One Year	\$ 117,459	\$ 35,000
One to Five Years	-	15,000
Gross Contributions Receivable	<u>117,459</u>	<u>50,000</u>
Less: Discount to Present Value	-	(541)
Contributions Receivable, Net	<u>\$ 117,459</u>	<u>\$ 49,459</u>

NOTE 6 SPLIT-INTEREST AGREEMENTS

Charitable Gift Annuities

Beginning in 2020, donors have contributed assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the terms of such agreements, no trust exists, as the assets received are held by and the liability is an obligation of the Foundation. The Foundation records contribution revenue using the fair value of the assets less the present value of the payments expected to be made to the beneficiaries. The present value of payments to beneficiaries under these arrangements is calculated using present value techniques. The discount rates used for the years ended August 31, 2021 and 2020 was 2.6% and 2.6%, respectively.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 6 SPLIT-INTEREST AGREEMENTS (CONTINUED)

Charitable Gift Annuities (Continued)

The charitable gift annuities account also includes assets from contributions and income totaling \$324,854 and \$296,116 at August 31, 2021 and 2020, respectively, for legally mandated reserves.

Liabilities to beneficiaries under charitable gift annuities totaled \$137,579 and \$161,829 at August 31, 2021 and 2020, respectively, and are included in Other Liabilities in the accompanying statements of financial position.

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES

The Foundation received the following distributions from the National Organization for the years ended August 31:

	2021	2020
Corporate, Online, Whitemail, and General Contributions	\$ 675,627	\$ 973,884
Direct Mail	263,540	-
Gifts and Travel Reimbursements	-	-
Grants	500	19,259
Adopt-A-Wish	16,463	16,000
Other	190,867	369,642
Total Distributions Received	\$ 1,146,997	\$ 1,378,785

These amounts are recorded in the statements of activities as public support revenue.

The Foundation paid to the National Organization the following amounts for the years ended August 31:

	2021	2020
Chapter Dues	\$ 310,107	\$ 327,530
Services and Other	43,247	82,955
Total Amounts Paid	\$ 353,354	\$ 410,485

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 \$4,200 and \$79,921, respectively, for the years ended August 31, 2021 and 2020, which is recorded in the accompanying statements of activities as Other Income.

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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

	2021	2020
Due from National Organization	\$ 229,504	\$ 73,275
Due from Other Chapters	17,002	1,372
Total Due from Related Entities	\$ 246,506	\$ 74,647
Due to National Organization	\$ 93,301	\$ 19,596
Due to Other Chapters	7,849	-
Total Due to Related Entities	\$ 101,150	\$ 19,596

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, 2021 and 2020, the Foundation received contributions, both cash and in-kind, from board members totaling \$214,902 and \$192,997, respectively. At August 31, 2021 and 2020, amounts due from board members totaled \$22,500 and \$10,000, respectively, and are included in contributions receivable in the accompanying statements of financial position.

NOTE 8 PROPERTY AND EQUIPMENT, NET

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

	2021	2020
Computer Equipment and Software	\$ 94,616	\$ 89,144
Office Furniture and Equipment	350,719	311,343
Leasehold Improvements	117,250	117,250
Total	562,585	517,737
Less: Accumulated Depreciation and Amortization	(450,091)	(416,355)
Property and Equipment, Net	\$ 112,494	\$ 101,382

Depreciation and amortization expense totaled \$64,830 and \$70,077, respectively, for the years ended August 31, 2021 and 2020.

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 LEASES

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through March 31, 2023. As of August 31, 2021 and 2020, the cost of leased property and equipment under capital leases was \$91,198 and \$51,823 and accumulated depreciation was \$10,691 and \$27,639, respectively. Total rent expense for all operating leases for the years ended August 31, 2021 and 2020 totaled \$253,445 and \$253,445, respectively.

The Foundation has been offered economic concessions in the form of deferred rent due to the direct effects of the COVID-19 pandemic. The Foundation has elected not to apply the lease modification guidance to those contracts.

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

<u>Year Ending August 31:</u>	<u>Operating Leases</u>	<u>Capital Leases</u>
2022	\$ 284,062	\$ 20,328
2023	65,526	20,328
2024	-	20,328
2025	-	20,328
2026	-	6,776
Total Minimum Lease Payments	349,588	88,088
Less: Amounts Representing Interest	-	(7,936)
Present Value of Net Minimum Lease Payments	<u>\$ 349,588</u>	<u>\$ 80,152</u>

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
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NOTE 10 NET ASSETS

Net Assets Without Donor Restrictions

Board-designated net assets consist of the following at August 31:

	2021	2020
Board-Designated Endowment Funds	\$ 13,942	\$ 12,289

Net Assets With Donor Restrictions

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

	2021	2020
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 168,165	\$ -
Total	168,165	-
Subject to Passage of Time:		
Assets Held under Split Interest Agreements	187,275	134,287
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	104,100	39,458
Total	291,375	173,745
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	26,925	13,555
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Endowment Fund	82,500	82,500
Total	109,425	96,055
Total Donor-Restricted Net Assets	\$ 568,965	\$ 269,800

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 ENDOWMENTS

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

The Foundation's endowment consists of one individual fund 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.

Interpretation of Relevant Law

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

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

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

<u>August 31, 2021</u>	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 109,424	\$ 109,424
Board-Designated Endowment Funds	13,942	-	13,942
Total Funds	<u>\$ 13,942</u>	<u>\$ 109,424</u>	<u>\$ 123,366</u>
<u>August 31, 2020</u>	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 96,055	\$ 96,055
Board-Designated Endowment Funds	12,289	-	12,289
Total Funds	<u>\$ 12,289</u>	<u>\$ 96,055</u>	<u>\$ 108,344</u>

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

<u>August 31, 2021</u>	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ 12,289	\$ 96,055	\$ 108,344
Investment Return:			
Investment Income	75	606	681
Net Appreciation (Realized and Unrealized)	1,578	12,763	14,341
Total Investment Return	<u>1,653</u>	<u>13,369</u>	<u>15,022</u>
Endowment Funds - End of Year	<u>\$ 13,942</u>	<u>\$ 109,424</u>	<u>\$ 123,366</u>
<u>August 31, 2020</u>	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ 11,365	\$ 88,580	\$ 99,945
Investment Return:			
Investment Income	118	954	1,072
Net Appreciation (Realized and Unrealized)	806	6,521	7,327
Total Investment Return	<u>924</u>	<u>7,475</u>	<u>8,399</u>
Endowment Funds - End of Year	<u>\$ 12,289</u>	<u>\$ 96,055</u>	<u>\$ 108,344</u>

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
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NOTE 11 ENDOWMENTS (CONTINUED)

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, 2021 and 2020.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment fund(s) while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds [if none, delete]. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return 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 not appropriating any funds until the endowment reaches a balance of \$105,000 in total at which time the endowment can withdraw \$5,000 from the donor restricted funds that shall be used to fund the cost of a wish. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 4% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of 3 months of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 4% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2021 and 2020 were \$29,142 and \$40,169, respectively.

NOTE 13 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

NOTE 14 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 15 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the years ended August 31, 2021 and 2020, the Foundation granted 164 and 200 wishes, respectively. As of August 31, 2021 and 2020, respectively, there were approximately 560 and 502 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2021 was \$3,165 in cash and \$758 in in-kind for a total cost of \$3,957. The average cost of a wish for the year ended August 31, 2020 was \$5,415 in cash and \$3,698 in in-kind for a total cost of \$9,113.

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
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NOTE 16 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, 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 August 31, 2021, with only a few local exceptions, travel wishes are still paused. Over the past three years, travel wishes have been approximately 71% of wishes granted and the number of granted wishes averaged approximately 342. The number of wishes granted in the current year was 164.

The Foundation continues to evaluate all expenses and fundraising efforts in light of the impact of COVID-19. National efforts are underway to return to wish granting and fundraising efforts when it is deemed medically safe

NOTE 17 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$295,805 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 May 2, 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 \$295,805 on November 10, 2020.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$250,977 loan. The loan was received on February 17, 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 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.

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 18 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through March 17, 2022, the date at which the financial statements were available to be issued.

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