

**MAKE-A-WISH FOUNDATION INTERNATIONAL**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

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



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation International  
Phoenix, Arizona

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

#### ***Opinion***

We have audited the accompanying financial statements of Make-A-Wish Foundation International (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 International 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 International 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 International'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 International'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 International'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.

Board of Directors  
Make-A-Wish Foundation International

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has not been subjected to the auditing procedures applied in the audits of the financial statements and as such we do not express an opinion on the supplementary information.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
April 6, 2023

**MAKE-A-WISH FOUNDATION INTERNATIONAL**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,859,779	\$ 2,596,558
Investments	614,929	723,214
Receivables, Other	23,167	29,889
Contributions Receivable, Net	188,950	413,130
Due from Affiliates	819,066	645,258
Prepaid Expenses	135,004	106,845
Equipment, Net of Accumulated Depreciation	71,458	131,878
Total Assets	\$ 4,712,353	\$ 4,646,772
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 455,195	\$ 363,036
Due to Affiliates	761,785	605,194
Deferred Affiliate Member Dues	604,084	490,068
Notes Payable	74,712	205,130
Total Liabilities	1,895,776	1,663,428
<b>NET ASSETS</b>		
Without Donor Restriction	2,655,899	2,223,430
With Donor Restriction	160,678	759,914
Total Net Assets	2,816,577	2,983,344
Total Liabilities and Net Assets	\$ 4,712,353	\$ 4,646,772

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION INTERNATIONAL**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2022**

	Without Donor Restriction	With Donor Restriction	Totals
<b>SUPPORT AND REVENUE</b>			
Cash Contributions and Grants, Gross	\$ 3,669,045	\$ 530,000	\$ 4,199,045
Contributions, Donated Goods and Services	1,536,263	-	1,536,263
Affiliate Member Dues	1,698,238	-	1,698,238
Investment Income	(102,977)	-	(102,977)
Other Revenue	60,918	-	60,918
Loan Forgiveness	130,418	-	130,418
Gross Revenue	6,991,905	530,000	7,521,905
Less: Designated Funds to Affiliates	(2,340,947)	-	(2,340,947)
Net Assets Released from Restriction	1,129,236	(1,129,236)	-
Total Support and Revenue	5,780,194	(599,236)	5,180,958
<b>EXPENSES</b>			
Program Services	3,251,833	-	3,251,833
Supporting Services:			
Management and General	1,231,637	-	1,231,637
Fundraising	864,255	-	864,255
Total Expenses	5,347,725	-	5,347,725
<b>CHANGES IN NET ASSETS</b>	432,469	(599,236)	(166,767)
Net Assets - Beginning of Year	2,223,430	759,914	2,983,344
<b>NET ASSETS - END OF YEAR</b>	\$ 2,655,899	\$ 160,678	\$ 2,816,577

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION INTERNATIONAL**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2021**

	Without Donor Restriction	With Donor Restriction	Totals
<b>SUPPORT AND REVENUE</b>			
Cash Contributions and Grants, Gross	\$ 2,502,718	\$ 649,138	3,151,856
Contributions, Donated Goods and Services	471,856	-	471,856
Affiliate Member Dues	1,496,866	-	1,496,866
Investment Income, Net	128,317	-	128,317
Other Loss	(2,894)	-	(2,894)
Loan Forgiveness	108,116	-	108,116
Gross Revenue	4,704,979	649,138	5,354,117
Less: Designated Funds to Affiliates	(1,356,838)	-	(1,356,838)
Net Assets Released from Restriction	385,660	(385,660)	-
Total Support and Revenue	3,733,801	263,478	3,997,279
 <b>EXPENSES</b>			
Program Services	1,822,267	-	1,822,267
Supporting Services:			
Management and General	1,052,233	-	1,052,233
Fundraising	880,457	-	880,457
Total Expenses	3,754,957	-	3,754,957
 <b>CHANGE IN NET ASSETS</b>	(21,156)	263,478	242,322
Net Assets - Beginning of Year	2,244,586	496,436	2,741,022
 <b>NET ASSETS - END OF YEAR</b>	\$ 2,223,430	\$ 759,914	\$ 2,983,344

See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION INTERNATIONAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2022**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
<b>EXPENSES</b>				
Personnel Costs:				
Salaries	\$ 499,673	\$ 677,042	\$ 277,358	\$ 1,454,073
Employee Benefits and Related Payroll Expenses	180,192	332,519	146,976	659,687
Total Personnel Costs	679,865	1,009,561	424,334	2,113,760
Dues and Subscriptions	179,487	2,311	31,440	213,238
Insurance - General	2,714	3,166	1,659	7,539
Miscellaneous	50,986	59,485	31,158	141,629
Postage and Delivery	186	78	569	833
Printing and Duplication	75	73	198	346
Professional Fees	491,618	66,782	296,932	855,332
Programs	4,012,067	-	-	4,012,067
Rent	18,428	21,499	11,262	51,189
Supplies	3,106	3,874	4,982	11,962
Telephone	1,688	1,970	1,065	4,723
Training	72,424	822	8,938	82,184
Travel	52,608	29,901	34,895	117,404
Total Expenses Before Depreciation	5,565,252	1,199,522	847,432	7,612,206
Depreciation	27,528	32,115	16,823	76,466
Less: Designated Funds to Affiliates	(2,340,947)	-	-	(2,340,947)
 Total Functional Expenses	<u>\$ 3,251,833</u>	<u>\$ 1,231,637</u>	<u>\$ 864,255</u>	<u>\$ 5,347,725</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION INTERNATIONAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2021**

<b>EXPENSES</b>	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Personnel Costs:				
Salaries	\$ 461,661	\$ 532,894	\$ 207,472	\$ 1,202,027
Employee Benefits and Related Payroll Expenses	181,583	295,086	108,170	584,839
Total Personnel Costs	643,244	827,980	315,642	1,786,866
Dues and Subscriptions	196,220	814	21,015	218,049
Insurance - General	3,337	3,910	2,289	9,536
Miscellaneous	21,910	25,667	15,024	62,601
Postage and Delivery	275	272	287	834
Professional Fees	434,893	63,290	448,810	946,993
Programs	1,736,310	-	-	1,736,310
Rent	21,396	25,065	14,671	61,132
Supplies	482	201	469	1,152
Telephone	2,318	1,924	1,126	5,368
Training	31,759	3,071	1,798	36,628
Travel	13,247	13,690	8,780	35,717
Total Expenses Before Depreciation and Designated Funds to Affiliates	3,105,391	965,884	829,911	4,901,186
Depreciation	73,714	86,349	50,546	210,609
Designated Funds to Affiliates	(1,356,838)	-	-	(1,356,838)
 Total Functional Expenses	 \$ 1,822,267	 \$ 1,052,233	 \$ 880,457	 \$ 3,754,957

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION INTERNATIONAL**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ (166,767)	\$ 242,322
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	76,466	210,609
Loan Forgiveness	(130,418)	(108,116)
Realized (Gains) Losses on Investments	3,624	(4,459)
Unrealized (Gains) Losses on Investments	141,655	(74,875)
Increase (Decrease) in Cash Resulting from Changes in:		
Receivables, Other	6,722	855
Contributions Receivable	224,180	(112,780)
Due from Affiliates	(173,808)	(15,524)
Prepaid Expenses	(28,159)	(37,770)
Accounts Payable and Accrued Expenses	92,159	174,887
Due to Affiliates	156,591	118,849
Deferred Affiliate Member Dues	114,016	(26,660)
Net Cash Provided by Operating Activities	316,261	367,338
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(36,994)	(52,551)
Proceeds on Sale of Investments	-	10,259
Purchases of Equipment	(16,046)	(34,222)
Net Cash Used by Investing Activities	(53,040)	(76,514)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on Notes Payable	-	205,130
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	263,221	495,954
Cash and Cash Equivalents - Beginning of Year	2,596,558	2,100,604
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,859,779	\$ 2,596,558

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

**NOTE 1 ORGANIZATION**

**Organization**

Make-A-Wish Foundation International (the Foundation) is a nonprofit organization with 39-chartered international affiliates. The Foundation is organized and operated exclusively for the charitable purpose of increasing the opportunity of children of the world, with a life-threatening medical condition, to realize their wishes.

**Reporting Entity**

The accompanying financial statements include only the accounts and transactions of the Foundation. The international affiliates are separate entities with separate boards of directors and as such are responsible for, and maintain custody of, and generate their own financial resources. Accordingly, the accounts and transactions of the international affiliates are not included in these financial statements.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements are presented in accordance with American Institute of Certified Public Accountants (AICPA) Not-for-Profit Industry Guidance within the Financial Accounting Standards Board (FASB) Codification (Guidance). Under the Guidance, the Foundation is required to report information regarding the financial position and activities according to two classes of net assets: without donor-restricted and with donor-restricted net assets as follows:

*Net Assets Without Donor Restriction* – Resources over which the board of directors has discretionary control.

*Net Assets With Donor Restriction* – Resources subject to a donor-imposed restriction which will be satisfied by actions of the Foundation or the passage of time. Some donor 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The donors of these resources permit the Foundation to use all or part of the income earned, including capital appreciation, or related investments for with or without donors restricted purposes. The Foundation does not have any perpetually restricted net assets.

**Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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.

**MAKE-A-WISH FOUNDATION INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

**Cash and Cash Equivalents**

The Foundation considers all highly liquid assets with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents may include cash on hand or held by financial institutions.

**Investments**

Investments are recorded at fair value. Investment income includes interest, dividends, and if applicable, realized and unrealized gains and losses.

**Contributions Receivable**

Unconditional promises to give (contributions receivable) are recognized as revenues in the period the promise is received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates at the time of the unconditional promise to give. Amortization of the discount is included in contribution support. Management provides for probable uncollectible amounts through a charge to operations and an increase to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction of the receivables. As of August 31, 2022 and 2021, there was \$350,000 and \$500,000 of conditional contributions respectively, in which the conditions have not been met, and therefore have not been recorded as receivables.

**Affiliate Member Dues**

As of August 31, 2022, the Foundation has 39 affiliates, that pay annual affiliate member dues for the nonexclusive right and sublicense to use the trademarks and service marks for use in performance of the charitable purpose. Affiliate member dues are paid annually by each affiliate and are deferred and recognized over the period to which the dues relate.

**Equipment and Related Depreciation**

Purchased equipment is initially recorded at cost and donated property and equipment are recorded at the fair value at the date of gift to the Foundation. Maintenance and repairs are charged to operations when incurred. Betterments and renewals in excess of \$500 are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved and any gain or loss is included in operations. Depreciation of equipment is computed on a straight-line basis over the estimated useful lives, generally three to seven years.

**MAKE-A-WISH FOUNDATION INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

**Impairment of Long-Lived Assets**

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators were present at August 31, 2022 and 2021.

**Revenue Recognition**

Contributions received are recorded as without or with donor-restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in with donor-restricted net assets depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished or a donor removes a restriction), with donor-restricted net assets are reclassified to without donor-restricted net assets and reported in the statement of activities and changes in net assets as net assets released from restriction. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues in without donor-restricted net assets. The Foundation received 27% and 33% of its gross contribution and grant support from one donor for the years ended August 31, 2022 and 2021, respectively.

The Foundation does not have discretion or variance power over contributions designated to specific affiliates by the donor. As such, these contributions are not the Foundation's revenue or expense under GAAP. These contributions have been deducted from the Foundation's contributions and grants on the statement of activities and program expense on the statement of functional expense to arrive at a net contribution and expense amount.

Affiliate member dues consist of annual dues paid by the affiliates. The Foundation's obligations to the affiliates include distributions from contributions and grants, events and campaigns as necessary. These revenues are recognized over time as the year progresses. Dues are assessed based off of the annual revenue of the affiliate.

**Donated Assets and Services**

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create a 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.

**MAKE-A-WISH FOUNDATION INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

**Donated Assets and Services (Continued)**

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

	2022	2021
Wish Granting	\$ 466,282	\$ 82,371
Advertising and Media	1,000,000	295,288
Professional Fees	69,981	94,197
Total	\$ 1,536,263	\$ 471,856

Wish related in-kinds consist of donated travel, goods and other services used in the delivery of wishes by the affiliates. 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.

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 expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the advertising and media at their fair value. The fair value of the donated advertising and media is based on current market rates in the markets in which the advertising and media was placed.

Donated professional fees recognized comprise services such as legal fees, that are provided to the Foundation. Donated services were valued and reported at the estimated fair value based on current rates for similar consulting services.

The Foundation received 79% and 53% of its in-kind contributions from one donor during the years ended August 31, 2022 and 2021, respectively.

Volunteers donate significant amounts of their time to the Foundation's mission; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

**Advertising**

Advertising costs are expensed as incurred.

**Functional Allocation of Expenses**

Expenses are directly allocated to the various programs and support services when possible and indirectly allocated based on staff time spent in that area and the best estimates of management.

**MAKE-A-WISH FOUNDATION INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

**Income Taxes**

The Foundation is a nonprofit charitable organization which qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and, accordingly, no provision for federal or state corporate income taxes has been made in the accompanying financial statements. The Foundation qualifies for the charitable contribution deduction under Section 170 of the IRC and has been classified as an organization that is not a private foundation under Section 509(a).

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2022 and 2021.

**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.

**NOTE 3 INVESTMENTS**

A summary of investments at August 31 consists of the following:

	<u>2022</u>	<u>2021</u>
Equities	\$ 372,276	\$ 479,267
Bonds	236,981	237,560
Money Market	5,672	6,387
Total	<u>\$ 614,929</u>	<u>\$ 723,214</u>



**MAKE-A-WISH FOUNDATION INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS**

*FASB Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

*Level 2* – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**Investments**

The Foundation's investments are held in funds with Fidelity Investments. The fair value on these investments held by the Foundation is readily available and is based upon unadjusted quoted market prices. Equity securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**MAKE-A-WISH FOUNDATION INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**Investments (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of August 31:

	2022			Total
	Level 1	Level 2	Level 3	
Equities:				
U.S. Large Cap	\$ 372,276	\$ -	\$ -	\$ 372,276
Bonds:				
U.S. Corporate Bonds	236,981	-	-	236,981
Cash and Cash Equivalents:				
Money Markets	-	-	-	5,672
Total Assets at Fair Value	<u>\$ 609,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 614,929</u>
	2021			Total
	Level 1	Level 2	Level 3	
Equities:				
U.S. Large Cap	\$ 479,267	\$ -	\$ -	\$ 479,267
Bonds:				
U.S. Corporate Bonds	237,560	-	-	237,560
Cash and Cash Equivalents:				
Money Markets	-	-	-	6,387
Total Assets at Fair Value	<u>\$ 716,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 723,214</u>

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

Contributions receivable as of August 31, 2022 and August 31, 2021, respectively, were \$188,950 and \$413,130 of which 46% and 68% is due from two donors. All contributions receivable are due within the next 12 months. Management believes that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts was considered necessary at August 31, 2022 and 2021.

**MAKE-A-WISH FOUNDATION INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

**NOTE 6 EQUIPMENT**

A summary of equipment at August 31 consists of the following:

	<u>2022</u>	<u>2021</u>
Office Furniture and Equipment	\$ 102,052	\$ 93,076
Internal Use Software	1,615,974	1,608,904
Total	<u>1,718,026</u>	<u>1,701,980</u>
Less: Accumulated Depreciation	<u>(1,646,568)</u>	<u>(1,570,102)</u>
Net Equipment	<u>\$ 71,458</u>	<u>\$ 131,878</u>

Depreciation expense was \$76,466 and \$210,609 for the years ended August 31, 2022 and 2021, respectively.

**NOTE 7 RELATED PARTY TRANSACTIONS**

The Foundation receives membership dues from the international affiliates and sponsors conferences and events for which it incurs costs that are reimbursed by the participating affiliates. Amounts due from affiliates were \$819,066 and \$645,258 at August 31, 2022 and 2021, respectively. Three affiliates accounted for 69% and 66%, respectively, of the total due from affiliates at August 31, 2022 and 2021.

Affiliate dues recognized during the years ended August 31, 2022 and 2021 totaled \$1,698,238 and \$1,496,866, respectively, and gross distributions to affiliates totaled \$4,012,067 and \$1,736,310, respectively, for the years ended August 31, 2022 and 2021.

The Foundation accepts donations on behalf of the international affiliates and disburses these funds to affiliates on a monthly basis. These affiliate transactions are reported as funds held for affiliates until they are distributed. Additionally, the Foundation may hold certain funds for affiliate organizations at their request. Amounts due to affiliates were \$761,785 and \$605,194 at August 31, 2022 and 2021, respectively.

**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at August 31:

	<u>2022</u>	<u>2021</u>
Time Restrictions	\$ 30,000	\$ 159,581
Lodging - AirBnB	61,693	281,348
Affiliate Support	20,000	210,000
COVID-19 Relief	<u>48,985</u>	<u>108,985</u>
Total Net Assets With Donor Restrictions	<u>\$ 160,678</u>	<u>\$ 759,914</u>

**MAKE-A-WISH FOUNDATION INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

**NOTE 9 EMPLOYEE BENEFIT PLAN**

In 2003, the Foundation adopted a SIMPLE-IRA plan which covers all U.S. employees from their hire date. The Foundation matches each employee's elective deferral on a dollar-for-dollar basis up to 3-5% of the employee's compensation or other defined limits, based on length of employment. In addition, European employees can choose to participate in a benefit plan in which the Foundation pays up to one third of the premium. Matching contributions of \$90,973 and \$86,850 were made to the employee benefit plans for the years ended August 31, 2022 and 2021, respectively.

**NOTE 10 OPERATING LEASES**

The Foundation leases office space and equipment under various operating leases with terms through July 1, 2028. Lease expense under these leases was \$51,189 and \$61,132, respectively, for the years ended August 31, 2022 and 2021. Future minimum lease payments under the operating leases are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2023	\$ 47,879
2024	40,035
2025	818
2026	818
2027	818
Thereafter	681
Total	<u>\$ 91,049</u>

**NOTE 11 LINE OF CREDIT**

The Foundation has a \$500,000 revolving line of credit agreement that expired on April 1, 2022. Interest accrued at 1% over the prime rate on the line of credit which was 3.25% as of August 31, 2021.

**NOTE 12 NOTES PAYABLE**

**Paycheck Protection Program Loan (PPP Loan)**

The Foundation applied for and was approved a \$37,059 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the United States Small Business Administration (SBA). The loan was received on May 3, 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 United States federal government. The Foundation received forgiveness of \$37,059 on April 1, 2021.

**MAKE-A-WISH FOUNDATION INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

**NOTE 12 NOTES PAYABLE (CONTINUED)**

**Paycheck Protection Program Loan (PPP Loan)(Continued)**

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$51,967 loan. The loan was received on March 10, 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 \$51,967 on January 3, 2022.

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

**NOW Loan**

The Foundation also received a loan of \$71,057 from the Dutch government as part of their relief efforts related to COVID-19. The loan was received on July 28, 2020 and is to be used for payroll. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan repayment is within one year unless forgiven. The Foundation received forgiveness of \$71,057 on February 18, 2021.

The Foundation applied and was approved for a second and third loan from the Dutch government as a part of their relief efforts related to COVID-19. The second loan of \$78,451 was awarded on September 18, 2020 and the third loan of \$74,712 was awarded on February 1, 2021. The loans are to be used for payroll and the Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan repayment is within one year unless forgiven. The Foundation received forgiveness of the second loan amount of \$78,451 on February 15, 2022. The third loan was forgiven subsequent to year-end.

**NOTE 13 CONCENTRATION OF CREDIT RISK**

The Foundation maintains all of its cash with high-credit quality financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. As of August 31, 2022 and 2021, a portion of cash balances at financial institutions exceeded the balance insured by the FDIC.

**MAKE-A-WISH FOUNDATION INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

**NOTE 14 LIQUIDITY AND AVAILABILITY**

The Foundation regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and investments.

The table below presents financial assets available for general expenditures within one year as of August 31:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 2,859,779	\$ 2,596,558
Investments	614,929	723,214
Receivables, Other	23,167	29,889
Contributions Receivable, Net	188,950	413,130
Due from Affiliates	819,066	645,258
Donor Imposed Restrictions:		
	(160,678)	(759,914)
Designated Funds:		
Designated Funds Receivable	<u>(100,000)</u>	<u>(238,549)</u>
Total Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 4,245,213</u>	<u>\$ 3,409,586</u>

**NOTE 15 RISKS AND UNCERTAINTIES**

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. The Foundation continues to evaluate all expenses and fundraising efforts in light of the impact of COVID-19.

**NOTE 16 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through April 6, 2023, the date at which the financial statements were available to be issued.

**MAKE-A-WISH FOUNDATION INTERNATIONAL  
SUPPLEMENTARY SCHEDULE OF FINANCIAL POSITION  
GAAP VERSUS MANAGEMENT ACCOUNTING  
AUGUST 31, 2022**

<b>ASSETS</b>	<u>GAAP</u>	<u>Adjustments</u>	<u>Management</u>
Cash and Cash Equivalents	\$ 2,859,779	\$ -	\$ 2,859,779
Investments	614,929	-	614,929
Receivables, Other	23,167	-	23,167
Contributions Receivable, Net	188,950	-	188,950
Due from Affiliates	819,066	-	819,066
Prepaid Expenses	135,004	-	135,004
Equipment, Net of Accumulated Depreciation	<u>71,458</u>	<u>-</u>	<u>71,458</u>
Total Assets	<u>\$ 4,712,353</u>	<u>\$ -</u>	<u>\$ 4,712,353</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	\$ 455,195	\$ -	\$ 455,195
Due to Affiliates	761,785	-	761,785
Deferred Affiliate Member Dues	604,084	-	604,084
Notes Payable	<u>74,712</u>	<u>-</u>	<u>74,712</u>
Total Liabilities	1,895,776	-	1,895,776
<b>NET ASSETS</b>			
Without Donor Restriction	2,655,899	-	2,655,899
With Donor Restriction	<u>160,678</u>	<u>-</u>	<u>160,678</u>
Total Net Assets	<u>2,816,577</u>	<u>-</u>	<u>2,816,577</u>
Total Liabilities and Net Assets	<u>\$ 4,712,353</u>	<u>\$ -</u>	<u>\$ 4,712,353</u>

**MAKE-A-WISH FOUNDATION INTERNATIONAL  
SUPPLEMENTARY SCHEDULE OF FINANCIAL POSITION  
GAAP VERSUS MANAGEMENT ACCOUNTING  
AUGUST 31, 2021**

<b>ASSETS</b>	<u>GAAP</u>	<u>Adjustments</u>	<u>Management</u>
Cash and Cash Equivalents	\$ 2,596,558	\$ -	\$ 2,596,558
Investments	723,214	-	723,214
Receivables, Other	29,889	-	29,889
Contributions Receivable, Net	413,130	-	413,130
Due from Affiliates	645,258	-	645,258
Prepaid Expenses	106,845	-	106,845
Equipment, Net of Accumulated Depreciation	<u>131,878</u>	<u>-</u>	<u>131,878</u>
 Total Assets	 <u>\$ 4,646,772</u>	 <u>\$ -</u>	 <u>\$ 4,646,772</u>
 <b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	\$ 363,036	\$ -	\$ 363,036
Due to Affiliates	605,194	620,333	1,225,527
Deferred Affiliate Member Dues	490,068	-	490,068
Notes Payable	<u>205,130</u>	<u>-</u>	<u>205,130</u>
Total Liabilities	1,663,428	620,333	2,283,761
 <b>NET ASSETS</b>			
Without Donor Restriction	2,223,430	(273,549)	1,949,881
With Donor Restriction	<u>759,914</u>	<u>(346,784)</u>	<u>413,130</u>
Total Net Assets	<u>2,983,344</u>	<u>(620,333)</u>	<u>2,363,011</u>
 Total Liabilities and Net Assets	 <u>\$ 4,646,772</u>	 <u>\$ -</u>	 <u>\$ 4,646,772</u>



**MAKE-A-WISH FOUNDATION INTERNATIONAL  
SUPPLEMENTARY SCHEDULE OF ACTIVITIES  
GAAP VERSUS MANAGEMENT ACCOUNTING  
YEAR ENDED AUGUST 31, 2022**

	GAAP	Adjustments	Management
<b>SUPPORT AND REVENUE</b>			
Cash Contributions and Grants, Gross	\$ 4,199,045	\$ -	\$ 4,199,045
Contributions, Donated Goods and Services	1,536,263	-	1,536,263
Affiliate Member Dues	1,698,238	-	1,698,238
Investment Income	(102,977)	-	(102,977)
Other Loss	60,918	-	60,918
Loan Forgiveness	130,418	-	130,418
Gross Revenue	7,521,905	-	7,521,905
Less: Designated Funds to Affiliates	(2,340,947)	2,340,947	-
Net Assets Released from Restriction	-	-	-
Total Support and Revenue	5,180,958	2,340,947	7,521,905
<b>EXPENSES</b>			
Program Services	3,251,833	2,065,567	5,317,400
Supporting Services:			
Management and General	1,231,637	-	1,231,637
Fundraising	864,255	-	864,255
Total Expenses	5,347,725	2,065,567	7,413,292
<b>CHANGE IN NET ASSETS</b>	\$ (166,767)	\$ 275,380	\$ 108,613

**MAKE-A-WISH FOUNDATION INTERNATIONAL  
SUPPLEMENTARY SCHEDULE OF ACTIVITIES  
GAAP VERSUS MANAGEMENT ACCOUNTING  
YEAR ENDED AUGUST 31, 2021**

	GAAP	Adjustments	Management
<b>SUPPORT AND REVENUE</b>			
Cash Contributions and Grants, Gross	\$ 3,151,856	\$ -	\$ 3,151,856
Contributions, Donated Goods and Services	471,856	-	471,856
Affiliate Member Dues	1,496,866	-	1,496,866
Investment Income	128,317	-	128,317
Other Loss	(2,894)	-	(2,894)
Loan Forgiveness	108,116	-	108,116
Gross Revenue	5,354,117	-	5,354,117
Less: Designated Funds to Affiliates	(1,356,838)	1,356,838	-
Net Assets Released from Restriction	-	-	-
Total Support and Revenue	3,997,279	1,356,838	5,354,117
<b>EXPENSES</b>			
Program Services	1,822,267	1,731,968	3,554,235
Supporting Services:			
Management and General	1,052,233	-	1,052,233
Fundraising	880,457	-	880,457
Total Expenses	3,754,957	1,731,968	5,486,925
<b>CHANGE IN NET ASSETS</b>	\$ 242,322	\$ (375,130)	\$ (132,808)



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