

**ONE SIMPLE WISH, INC.
(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS**

YEARS ENDED JUNE 30, 2022 AND 2021

ONE SIMPLE WISH, INC.
YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
One Simple Wish, Inc.
Trenton, New Jersey

Opinion

We have audited the accompanying financial statements of One Simple Wish, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 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 One Simple Wish, Inc. as of June 30, 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. 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 One Simple Wish, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 One Simple Wish, Inc.'s ability to continue as a going concern within one year after the date that 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 One Simple Wish Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about One Simple Wish Inc.'s ability to continue as a going concern for a reasonable period of time.

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



KLATZKIN & COMPANY,LLP

Hamilton, New Jersey
January 11, 2023

ONE SIMPLE WISH, INC.

STATEMENTS OF FINANCIAL POSITION

	June 30,	
	<u>2022</u>	<u>2021</u>
ASSETS		
<u>Current Assets</u>		
Cash and Cash Equivalents.....	\$ 1,472,125	\$ 1,269,099
Unconditional Promises to Give.....	<u>10,000</u>	<u>10,000</u>
Total Current Assets.....	<u>1,482,125</u>	<u>1,279,099</u>
Property and Equipment, Net of Accumulated		
Depreciation of \$211,886 and \$204,803.....	<u>-</u>	<u>7,083</u>
<u>Other Assets</u>		
Investments in Marketable Securities.....	371,115	189,943
Unconditional Promises to Give.....	10,000	20,000
Security Deposit.....	2,988	2,918
Trademark, Net of Accumulated Amortization of \$403 and \$308.....	<u>922</u>	<u>1,018</u>
Total Other Assets.....	<u>385,025</u>	<u>213,879</u>
TOTAL ASSETS.....	<u>\$ 1,867,150</u>	<u>\$ 1,500,061</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable.....	\$ 11,028	\$ 23,813
<u>Net Assets</u>		
Without Donor Restrictions.....	1,757,504	1,400,380
With Donor Restrictions.....	<u>98,618</u>	<u>75,868</u>
Total Net Assets.....	<u>1,856,122</u>	<u>1,476,248</u>
TOTAL LIABILITIES AND NET ASSETS.....	<u>\$ 1,867,150</u>	<u>\$ 1,500,061</u>

The accompanying notes are an integral part of these financial statements.

ONE SIMPLE WISH, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenues</u>			
Corporate Donations.....	\$ 143,827	\$ 109,076	\$ 252,903
Individual Donations.....	409,076	3,024,703	3,433,779
Miscellaneous Support.....	31,223	-	31,223
Net Investment Return.....	(73,574)	-	(73,574)
Net Assets Released from Restrictions.....	<u>3,111,029</u>	<u>(3,111,029)</u>	<u>-</u>
Total Support and Revenues.....	<u>3,621,581</u>	<u>22,750</u>	<u>3,644,331</u>
<u>Expenses</u>			
Program Services.....	3,079,651	-	3,079,651
Support Services:			
Management and General.....	133,038	-	133,038
Fundraising.....	<u>51,768</u>	<u>-</u>	<u>51,768</u>
Total Expenses.....	<u>3,264,457</u>	<u>-</u>	<u>3,264,457</u>
Change in Net Assets.....	357,124	22,750	379,874
Net Assets, Beginning of Year.....	<u>1,400,380</u>	<u>75,868</u>	<u>1,476,248</u>
Net Assets, End of Year.....	<u>\$ 1,757,504</u>	<u>\$ 98,618</u>	<u>\$ 1,856,122</u>

The accompanying notes are an integral part of these financial statements.

ONE SIMPLE WISH, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenues</u>			
Corporate Donations.....	\$ 253,822	\$ 29,625	\$ 283,447
Foundation Donations.....	750	2,500	3,250
Individual Donations.....	289,236	1,910,007	2,199,243
In-Kind Donations.....	55,000	-	55,000
Miscellaneous Support.....	21,069	-	21,069
Net Investment Return.....	45,762	-	45,762
Net Assets Released from Restrictions.....	<u>1,889,714</u>	<u>(1,889,714)</u>	<u>-</u>
Total Support and Revenues.....	<u>2,555,353</u>	<u>52,418</u>	<u>2,607,771</u>
<u>Expenses</u>			
Program Services.....	2,030,392	-	2,030,392
Support Services:			
Management and General.....	109,318	-	109,318
Fundraising.....	<u>45,771</u>	<u>-</u>	<u>45,771</u>
Total Expenses.....	<u>2,185,481</u>	<u>-</u>	<u>2,185,481</u>
Change in Net Assets.....	369,872	52,418	422,290
Net Assets, Beginning of Year.....	<u>1,030,508</u>	<u>23,450</u>	<u>1,053,958</u>
Net Assets, End of Year.....	<u>\$ 1,400,380</u>	<u>\$ 75,868</u>	<u>\$ 1,476,248</u>

The accompanying notes are an integral part of these financial statements.

ONE SIMPLE WISH, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
<u>Expenses</u>				
Salaries.....	\$ 240,588	\$ 54,707	\$ 40,253	\$ 335,548
Payroll Taxes and Benefits.....	34,837	6,967	4,645	46,449
Wishes Granted.....	2,445,193	-	-	2,445,193
Scholarships.....	136,886	-	-	136,886
Youth Advisory Grants.....	15,573	-	-	15,573
Technology Consultants.....	80,697	-	-	80,697
Bank and Credit Card Fees.....	64,795	196	130	65,121
Auto Expenses.....	1,719	430	-	2,149
Advertising and Promotion.....	8,388	1,678	1,119	11,185
Website.....	210	42	28	280
Rent.....	10,327	2,066	1,377	13,770
Travel and Meals.....	1,963	393	262	2,618
Computer Software Maintenance.....	17,907	3,581	2,388	23,876
Insurance.....	1,863	373	248	2,484
Licenses.....	661	132	88	881
Memberships and Dues.....	708	142	95	945
Office Supplies.....	3,297	591	394	4,282
Professional Services.....	4,300	61,228	400	65,928
Shipping and Postage.....	1,396	279	186	1,861
Depreciation Expense.....	7,083	-	-	7,083
Amortization Expense.....	96	-	-	96
Telephone.....	<u>1,164</u>	<u>233</u>	<u>155</u>	<u>1,552</u>
Total Functional Expenses.....	<u>\$ 3,079,651</u>	<u>\$ 133,038</u>	<u>\$ 51,768</u>	<u>\$ 3,264,457</u>

The accompanying notes are an integral part of these financial statements.

ONE SIMPLE WISH, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
<u>Expenses</u>				
Salaries.....	\$ 238,313	\$ 45,472	\$ 35,800	\$ 319,585
Payroll Taxes and Benefits.....	24,073	4,814	3,209	32,096
Wishes, In-Kind.....	55,000	-	-	55,000
Wishes, Non In-Kind.....	1,446,292	-	-	1,446,292
Scholarships.....	135,550	-	-	135,550
Youth Advisory Grants.....	10,393	-	-	10,393
Bank and Credit Card Fees.....	40,055	177	118	40,350
Auto Expenses.....	1,539	385	-	1,924
Advertising and Promotion.....	10,897	2,179	1,453	14,529
Rent.....	12,513	2,502	1,668	16,683
Travel and Meals.....	389	78	52	519
Computer Software Maintenance.....	10,488	2,098	1,399	13,985
Insurance.....	1,066	213	142	1,421
Licenses.....	211	42	28	281
Memberships and Dues.....	726	145	97	968
Office Supplies.....	2,549	510	340	3,399
Professional Services.....	19,023	49,855	900	69,778
Shipping and Postage.....	826	159	106	1,091
Depreciation Expense.....	17,000	-	-	17,000
Amortization Expense.....	45	-	-	45
Telephone.....	3,444	689	459	4,592
Total Functional Expenses.....	<u>\$ 2,030,392</u>	<u>\$ 109,318</u>	<u>\$ 45,771</u>	<u>\$ 2,185,481</u>

The accompanying notes are an integral part of these financial statements.

ONE SIMPLE WISH, INC.
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	<u>2022</u>	<u>2021</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities:		
Cash Received from Donors.....	\$ 3,727,905	\$ 2,517,009
Cash Paid to Vendors and Employees.....	(3,270,133)	(2,111,371)
Interest and Dividends Received.....	6,345	4,858
Interest Paid.....	-	-
Income Tax Paid.....	-	-
	464,117	410,496
Net Cash Provided by (Used in) Operating Activities.....		
Cash Flows from Investing Activities:		
Proceeds from Sale of Marketable Securities.....	5,000	49,300
Purchase of Marketable Securities.....	(266,091)	(50,934)
Purchase of Intangible Asset.....	-	(650)
	(261,091)	(2,284)
Net Cash Provided by (Used in) Investing Activities.....		
Net Increase in Cash and Cash Equivalents.....	203,026	408,212
Cash and Cash Equivalents at Beginning of Year.....	<u>1,269,099</u>	<u>860,887</u>
Cash and Cash Equivalents at End of Year.....	<u>\$ 1,472,125</u>	<u>\$ 1,269,099</u>

The accompanying notes are an integral part of these financial statements.

ONE SIMPLE WISH, INC.
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	<u>2022</u>	<u>2021</u>
Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Change in Net Assets.....	\$ 379,874	\$ 422,290
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation.....	7,083	17,000
Amortization.....	95	45
In-Kind Donations.....	-	(55,000)
Unrealized (Gain) Loss on Investments.....	79,355	(41,511)
Realized (Gain) Loss on Investments.....	565	607
In-Kind Expenses.....	-	55,000
(Increase) Decrease in Unconditional Promises to Give.....	10,000	10,000
(Increase) Decrease in Security Deposit.....	(70)	-
Increase (Decrease) in Accounts Payable.....	<u>(12,785)</u>	<u>2,065</u>
Net Cash Provided by (Used in) Operating Activities.....	<u>\$ 464,117</u>	<u>\$ 410,496</u>

The accompanying notes are an integral part of these financial statements.

ONE SIMPLE WISH, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 1. Summary of Significant Accounting Policies

Operations:

One Simple Wish, Inc. (the Organization) grants simple wishes to children who are impacted by abuse, neglect, and trauma and spend time in the foster care system. Through an innovative wish-granting platform, donors can contribute towards granting a wish for a unique child needing assistance. The Organization's programs are supported primarily by donations of cash, toys, and clothing from individuals, corporations, and foundations.

Management's Use of Estimates and Assumptions:

Management uses estimates and assumptions in preparing its financial statements in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Basis of Financial Statement Presentation:

The financial statements of the Organization have been prepared in accordance with U.S. GAAP, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

ONE SIMPLE WISH, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 1. Summary of Significant Accounting Policies (Cont'd)

Cash and Cash Equivalents:

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less, except bank certificates of deposit and treasury obligations, to be cash equivalents. Bank CD's and treasury obligations are considered to be temporary cash investments, not cash equivalents.

The Organization's cash and cash equivalent accounts and interest-bearing deposits in banks and other financial institutions may at times exceed the federally insured limits. The Organization has not experienced any losses in these accounts. Management believes that the Organization is not exposed to any significant risk on these deposits.

Investments:

Investments in marketable securities and debt securities are classified as available for sale and are carried at fair value with realized and unrealized gains and losses reported as a component of net investment return on the Statements of Activities. The Organization uses the average cost method to determine realized gains or losses on sales.

The Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement and Disclosure*, defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. 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.

In accordance with ASC Topic 820-10-35-01, the Organization classifies investments reported at fair value into three levels based on the markets in which the investments are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1: Quoted market prices for identical instruments traded in active markets.
- Level 2: Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3: Model based techniques that use significant assumptions not observable in the market.

ONE SIMPLE WISH, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 1. Summary of Significant Accounting Policies (Cont'd)

Investments (Cont'd):

The fair value for all of the Organization's investments is determined by the use of quoted market prices for identical instruments traded in active markets. Based on the nature of the investments, the fair value of investments is considered a Level 1 item within the Fair Value hierarchy.

Property and Equipment:

Donations of property and equipment are recorded as support, at their estimated fair value at the date of donation. Such donations are recorded as support without donor restrictions, unless the donor has restricted the donated assets to a specific purpose.

Property and equipment are stated at cost or fair value at the dates of donation. Expenditures for maintenance and repairs are charged to operating expenses. Additions to property and equipment or expenditures which increase the useful lives of the assets are capitalized. Additions with a cost or fair value of less than \$5,000 are expensed. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations.

Compensated Absences:

Employees of the Organization are entitled to paid vacations, sick days, and other time off, depending on job classification, length of service, and other factors. Employees may not accrue or carry over unused time from year to year. Employees will not be paid for unused time upon separation. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees. Accordingly, no liability has been recorded in the accompanying financial statements.

Public Support and Revenue Recognition:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at their net realizable value.

ONE SIMPLE WISH, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 1. Summary of Significant Accounting Policies (Cont'd)

Public Support and Revenue Recognition (Cont'd):

Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are recognized when the conditions on which they are dependent are substantially satisfied.

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation.

The Organization does not recognize support, revenue, or expense from services contributed by volunteers. Unpaid volunteer officers and committees conduct a significant portion of the program and fundraising functions. The value of this contributed time is not reflected in the accompanying financial statements since the recognition criteria were not met.

The Organization has elected to omit the disclosures that are optional for nonpublic entities.

Advertising and Promotion Costs:

The Organization expenses the cost of advertising and promotion as incurred. Advertising costs charged to operations for the years ended June 30, 2022 and 2021 were \$11,185 and \$14,529, respectively.

Shipping and Handling Costs:

The value of the wish to be granted by a donor includes 15-20% to cover shipping, tax, program support, and merchant fees, and is recorded as a donation. The actual shipping costs are included in wish expenses for program services.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort. Other costs are allocated based on estimated usage.

ONE SIMPLE WISH, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 1. Summary of Significant Accounting Policies (Cont'd)

Tax Status:

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from state income taxes and is registered with the State of New Jersey under the New Jersey Charitable Registration and Investigation Act (CRI) of 1994.

The Organization's federal exempt returns are subject to examination by the IRS, generally for three years after they were filed. The Organization's state informational returns are subject to examination up to four years after they were filed. The statute of limitations does not apply to unfiled returns. The Organization believes that all required returns have been filed.

The Organization has determined that there are no material uncertain tax positions that require disclosure in the financial statements.

Adoption of New Accounting Pronouncement:

For the year ended June 30, 2022, the Organization has adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). This standard increases transparency about contributed nonfinancial assets (gifts-in-kind) through enhancements to presentation and disclosure.

New Accounting Pronouncement:

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the Statements of Financial Position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the Statements of Activities. As a nonpublic entity and as allowed by FASB ASU 2020-05 issued June 3, 2020, the Organization has elected its option to defer adoption of the revised lease standard until its fiscal year beginning after December 15, 2021. The Organization is currently evaluating the impact of the pending adoption of the new standard on its financial statements.

ONE SIMPLE WISH, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 1. Summary of Significant Accounting Policies (Cont'd)

Date of Management Evaluation of Subsequent Events:

Management has evaluated subsequent events through January 11, 2023, the date on which the financial statements were available to be issued.

Note 2. Available Resources and Liquidity

The following represents the Organization's financial assets at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$1,472,125	\$1,269,099
Unconditional promises to give	20,000	30,000
Investments in marketable securities	<u>371,115</u>	<u>189,943</u>
Total financial assets	1,863,240	1,489,042
Less amounts not available to be used within one year:		
Investments held for long-term purposes	(371,115)	(189,943)
Unconditional promises to give – long-term	(10,000)	(20,000)
Board-designated for reserves	<u>(250,000)</u>	<u>(75,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,232,125</u>	<u>\$1,204,099</u>

ONE SIMPLE WISH, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 2. Available Resources and Liquidity (Cont'd)

The Organization receives significant contributions and grants restricted by donors and grantors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves to maintain adequate liquid assets to fund near-term operating needs and to maintain sufficient reserves to provide reasonable assurance that long-term obligations will be met. This goal is achieved through the Organization's budgeting process and expenditure policies. The Board of Directors has also decided to maintain \$250,000 as a reserve. Investments in marketable securities are held with the goal of long-term growth; however, if needed, they are available to be sold and used to meet current obligations.

Note 3. Unconditional Promises to Give

The Organization received an unconditional promise to give during the year ended June 30, 2020. Management does not estimate that any portion is uncollectible. Unconditional promises to give are as follows:

<u>June 30, 2022</u>	<u>Total</u>	<u>Current</u>	<u>Long term</u>
Receivable in less than one year	\$ 10,000	\$ 10,000	\$ -
Receivable in one to five years	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total unconditional promises to give	<u>\$ 20,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
<u>June 30, 2021</u>	<u>Total</u>	<u>Current</u>	<u>Long term</u>
Receivable in less than one year	\$ 10,000	\$ 10,000	\$ -
Receivable in one to five years	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total unconditional promises to give	<u>\$ 30,000</u>	<u>\$ 10,000</u>	<u>\$ 20,000</u>

ONE SIMPLE WISH, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 4. Property and Equipment

The following is a summary of property and equipment:

	<u>Estimated useful lives in years</u>	<u>2022</u>	<u>2021</u>
Equipment	3	\$ 3,929	\$ 3,929
Software and website	3	177,812	177,812
Automobile	5	<u>30,145</u>	<u>30,145</u>
		211,886	211,886
Accumulated depreciation		<u>211,886</u>	<u>204,803</u>
		<u>\$ -</u>	<u>\$ 7,083</u>

Depreciation expense charged to operations was \$7,083 and \$17,000 for the years ended June 30, 2022 and 2021, respectively.

ONE SIMPLE WISH, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 5. Investments

The fair value of marketable securities is based on quoted prices available on an active market (Level 1).

Cost and fair value of the investments at June 30, 2022 were as follows:

	<u>Cost</u>	<u>Fair value</u>	<u>Gross unrealized gains (losses)</u>
Equities.....	\$ 141,233	\$ 129,159	\$ (12,074)
Exchange-traded funds.....	<u>283,599</u>	<u>241,956</u>	<u>\$ (41,643)</u>
Total investments	<u>\$ 424,832</u>	<u>\$ 371,115</u>	<u>\$ (53,717)</u>

Cost and fair value of the investments at June 30, 2021 were as follows:

	<u>Cost</u>	<u>Fair value</u>	<u>Gross unrealized gains (losses)</u>
Equities.....	\$ 90,386	\$ 109,504	\$ 19,118
Exchange-traded funds.....	<u>73,920</u>	<u>80,439</u>	<u>6,519</u>
Total investments	<u>\$ 164,306</u>	<u>\$ 189,943</u>	<u>\$ 25,637</u>

Net investment return for the years ended June 30, 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Interest income.....	\$ 49	\$ 338
Dividend income.....	6,297	4,520
Net realized gains (losses)	(565)	(607)
Net unrealized gains (losses)	<u>(79,355)</u>	<u>41,511</u>
Total	<u>\$ (73,574)</u>	<u>\$ 45,762</u>

ONE SIMPLE WISH, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 5. Investments (Cont'd)

The Organization invests in various securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the uncertainty related to changes in the value of investment securities, it is reasonably possible that changes in risks in the near term would materially affect the investments and the amounts reported in the Statements of Financial Position. Users of these financial statements should be aware that the financial markets' volatility may significantly impact the subsequent valuation of the Organization's investments. Accordingly, the valuation of investments may not necessarily be indicative of amounts that could be realized in a current market exchange.

Note 6. Leases

The Organization entered into an office lease agreement in March 2019 for a period of three years. Under the terms of the lease, monthly minimum rental payments were \$1,195 through March 2022, with annual increases of 4%. The lease was not renewed.

The amount of rent paid for the years ended June 30, 2022 and 2021 was \$13,770 and \$16,683, respectively.

ONE SIMPLE WISH, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 7. Net Assets

Net assets without donor restrictions are as follows:

	<u>2022</u>	<u>2021</u>
Board-designated for reserves	\$ 250,000	\$ 75,000
Undesignated	<u>1,507,504</u>	<u>1,325,380</u>
Total net assets without donor restrictions	<u>\$1,757,504</u>	<u>\$1,400,380</u>

Net assets with donor restrictions are restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
Specific purpose:		
Wish Granting	<u>\$ 98,618</u>	<u>\$ 75,868</u>
Total net assets with donor restrictions	<u>\$ 98,618</u>	<u>\$ 75,868</u>

Net assets released from net assets with donor restrictions are as follows:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions:		
Wish Granting	\$3,111,029	\$1,883,872
Experience Wish Fund	-	2,727
Educational Wish Fund	<u>-</u>	<u>3,115</u>
Total net assets released from restrictions.....	<u>\$3,111,029</u>	<u>\$1,889,714</u>

ONE SIMPLE WISH, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 8. Contributed Nonfinancial Assets

The Organization received contributions of nonfinancial assets as follows:

	<u>2022</u>	<u>2021</u>
Clothing	\$ -	\$ 55,000

Contributed assets are recognized as in-kind revenue with a corresponding increase to wish expense. Donated goods are valued at predetermined values per Organization policy, which approximate wholesale prices. All donated assets were utilized by the Organization's programs. There were no donor-imposed restrictions associated with the donated assets.

Note 9. Retirement Plan

The Organization sponsors a qualified defined contribution retirement plan under Internal Revenue Code Section 401(k). The Organization contributes 100% of eligible employees' contributions, to a maximum of 4% of an individual employee's gross wages, with a match cap set at \$4,000 per year for eligible employees.

Total retirement plan expense for the years ended June 30, 2022 and 2021 was \$7,607 and \$-0-, respectively, which has been included in payroll taxes and benefits in the Statements of Functional Expenses in the financial statements.