

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2022 AND 2021



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**MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
TABLE OF CONTENTS
YEARS ENDED AUGUST 31, 2022 AND 2021**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of North Texas
Addison, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Foundation® of North Texas (a nonprofit organization), which comprise the statements of financial position as of August 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of North Texas as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Make-A-Wish Foundation® of North Texas and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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


Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 27, 2023

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 10,991,245	\$ 6,710,846
Investments	11,450	78,224
Due from Related Entities	349,185	1,740,793
Prepaid Expenses	362,056	241,056
Contributions Receivable, Net	1,651,338	1,413,060
Other Assets	244,544	277,946
Restricted Cash	-	700,000
Property and Equipment, Net	270,543	9,802,829
Beneficial Interest in Assets Held by Others	158,501	194,274
	\$ 14,038,862	\$ 21,159,028
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 997,302	\$ 567,077
Due to Related Entities	102,071	12,157
Other Liabilities	98,000	111,175
Deferred Rent	17,246	3,501
Capital Lease Obligations	7,890	27,993
Paycheck Protection Program	621,155	626,600
Notes Payable	-	7,550,976
Total Liabilities	1,843,664	8,899,479
NET ASSETS		
Without Donor Restrictions	8,028,796	8,947,669
With Donor Restrictions	4,166,402	3,311,880
Total Net Assets	12,195,198	12,259,549
	\$ 14,038,862	\$ 21,159,028

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 5,200,173	\$ 2,661,174	\$ 7,861,347
Contributions, Donated Goods and Services	1,880,039	686,394	2,566,433
Grants	610,727	-	610,727
Total Public Support	7,690,939	3,347,568	11,038,507
Internal Special Events, Cash	2,572,935	-	2,572,935
Internal Special Events, Donated Goods and Services	96,609	-	96,609
Less: Costs of Direct Benefits to Donors	(558,601)	-	(558,601)
Total Internal Special Events	2,110,943	-	2,110,943
Investment Income, Net	3,835	-	3,835
Change in Value of Beneficial Interest in Assets			
Held by Others	-	(28,942)	(28,942)
Other Income	29,192	-	29,192
Net Assets Released from Restrictions	2,464,104	(2,464,104)	-
Total Revenues, Gains, and Other Support	12,299,013	854,522	13,153,535
EXPENSES			
Program Services:			
Wish Granting	7,719,983	-	7,719,983
Support Services:			
Fundraising	1,656,020	-	1,656,020
Management and General	2,135,370	-	2,135,370
Total Support Services	3,791,390	-	3,791,390
Total Expenses	11,511,373	-	11,511,373
OTHER LOSSES			
Losses on Sale of Property	1,706,513	-	1,706,513
CHANGE IN NET ASSETS	(918,873)	854,522	(64,351)
Net Assets - Beginning of Year	8,947,669	3,311,880	12,259,549
NET ASSETS - END OF YEAR	\$ 8,028,796	\$ 4,166,402	\$ 12,195,198

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 4,206,719	\$ 8,588	\$ 4,215,307
Contributions, Donated Goods and Services	500,867	15,847	516,714
Grants	670,293	1,718,873	2,389,166
Total Public Support	5,377,879	1,743,308	7,121,187
Internal Special Events	1,101,224	-	1,101,224
Internal Special Events, Donated Goods and Services	100,360	-	100,360
Less: Costs of Direct Benefits to Donors	(250,048)	-	(250,048)
Total Internal Special Events	951,536	-	951,536
Investment Loss, Net	(20,212)	-	(20,212)
Forgiveness of Paycheck Protection Program Loan	621,500	-	621,500
Change in Value of Beneficial Interest in Assets			
Held by Others	-	24,719	24,719
Other Income	509,527	-	509,527
Net Assets Released from Restrictions	1,324,914	(1,324,914)	-
Total Revenues, Gains, and Other Support	8,765,144	443,113	9,208,257
EXPENSES			
Program Services:			
Wish Granting	3,548,651	-	3,548,651
Support Services:			
Fundraising	1,827,037	-	1,827,037
Management and General	1,388,239	-	1,388,239
Total Support Services	3,215,276	-	3,215,276
Total Expenses	6,763,927	-	6,763,927
CHANGE IN NET ASSETS	2,001,217	443,113	2,444,330
Net Assets - Beginning of Year	6,946,452	2,868,767	9,815,219
NET ASSETS - END OF YEAR	\$ 8,947,669	\$ 3,311,880	\$ 12,259,549

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2022

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 3,986,022	\$ -	\$ -	\$ -	\$ -	\$ 3,986,022
Salaries, Taxes, and Benefits	1,347,131	962,314	824,117	1,786,431	-	3,133,562
Printing, Subscriptions, and Publications	2,154	32,900	1,505	34,405	-	36,559
Professional Fees	32,089	99,764	630,171	729,935	-	762,024
Rent and Utilities	103,729	83,212	211,378	294,590	-	398,319
Postage and Delivery	7,167	7,167	4,170	11,337	-	18,504
Travel	10,934	29,662	11,258	40,920	-	51,854
Meetings and Conferences	4,277	18,988	7,225	26,213	-	30,490
Office Supplies	128,163	1,548	810	2,358	-	130,521
Communications	18,791	14,967	9,699	24,666	-	43,457
Advertising and Media (Cash)	-	1,675	939	2,614	-	2,614
Advertising and Media (In-Kind)	-	19,520	-	19,520	-	19,520
Repairs and Maintenance	3,268	2,589	1,140	3,729	-	6,997
Insurance	99	339	35	374	-	473
Bad Debt Expense	-	54,800	-	54,800	-	54,800
Membership Dues	291	1,839	332	2,171	-	2,462
Grants and Scholarships	1,440,000	-	-	-	-	1,440,000
National Partnership Dues	476,332	86,004	99,236	185,240	-	661,572
Miscellaneous	69,537	167,334	198,961	366,295	-	435,832
Depreciation and Amortization	89,999	71,398	134,394	205,792	-	295,791
Special Event - Direct Donor Benefits	-	-	-	-	558,601	558,601
Total	7,719,983	1,656,020	2,135,370	3,791,390	558,601	12,069,974
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(558,601)	(558,601)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 7,719,983	\$ 1,656,020	\$ 2,135,370	\$ 3,791,390	\$ -	\$ 11,511,373

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 1,605,157	\$ -	\$ -	\$ -	\$ -	\$ 1,605,157
Salaries, Taxes, and Benefits	946,349	985,958	714,821	1,700,779	-	2,647,128
Printing, Subscriptions, and Publications	1,533	27,025	2,074	29,099	-	30,632
Professional Fees	47,397	57,235	142,121	199,356	-	246,753
Rent and Utilities	151,591	130,494	141,620	272,114	-	423,705
Postage and Delivery	4,700	4,692	4,317	9,009	-	13,709
Travel	193	8,409	1,343	9,752	-	9,945
Meetings and Conferences	1,196	16,320	4,815	21,135	-	22,331
Office Supplies	44,097	1,154	831	1,985	-	46,082
Communications	20,896	18,484	11,023	29,507	-	50,403
Advertising and Media (Cash)	-	2,842	459	3,301	-	3,301
Repairs and Maintenance	2,536	2,265	1,198	3,463	-	5,999
Insurance	91	81	43	124	-	215
Bad Debt Expense	-	196,909	-	196,909	-	196,909
Membership Dues	-	1,668	219	1,887	-	1,887
National Partnership Dues	453,563	81,893	94,492	176,385	-	629,948
Interest	119,721	101,451	131,430	232,881	-	352,602
Miscellaneous	25,822	80,845	43,850	124,695	-	150,517
Depreciation and Amortization	123,809	109,312	93,583	202,895	-	326,704
Special Event - Direct Donor Benefits	-	-	-	-	250,048	250,048
Total	3,548,651	1,827,037	1,388,239	3,215,276	250,048	7,013,975
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(250,048)	(250,048)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,548,651</u>	<u>\$ 1,827,037</u>	<u>\$ 1,388,239</u>	<u>\$ 3,215,276</u>	<u>\$ -</u>	<u>\$ 6,763,927</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (64,351)	\$ 2,444,330
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	295,791	326,704
Forgiveness of Paycheck Protection Program Loan	-	(621,500)
Bad Debt Expense	54,800	196,909
Amortization of Bond Issuance Costs	24,732	13,490
Net Realized and Unrealized Loss on Investments	4,704	27,947
(Gain) Loss on Sale of Property and Equipment	1,706,513	(2,062)
Contributed Property and Equipment and Inventory	19,186	10,832
Change in Value of Beneficial Interest Held by Others	28,942	(24,719)
Change in Discount to Present Value of Contributions Receivable	4,243	(67,044)
(Increase) Decrease in Assets:		
Contributions Receivable	(297,321)	833,881
Due from Related Entities	1,391,608	(1,381,599)
Prepaid Expenses	(121,000)	(17,909)
Other Assets	14,216	(208,966)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	430,225	193,477
Due to Related Entities	89,914	11,026
Other Liabilities	(13,175)	(21,221)
Deferred Rent	13,745	(1,586)
Net Cash Provided by Operating Activities	3,582,772	1,711,990
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	-	(53,734)
Proceeds from Sales of Investments	62,070	53,675
Purchases of Property and Equipment	(470,018)	(26,894)
Proceeds from Sales of Property and Equipment	8,000,000	2,500
Disposition of Assets Held by Others	6,831	-
Net Cash Provided (Used) by Investing Activities	7,598,883	(24,453)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(20,103)	(19,328)
Proceeds from Paycheck Protection Program Loan	-	626,600
Payments on Paycheck Protection Program Loan	(5,445)	-
Principal Payments on Note Payable	(7,575,708)	(265,611)
Net Cash Provided (Used) by Financing Activities	(7,601,256)	341,661
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	3,580,399	2,029,198
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	7,410,846	5,381,648
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 10,991,245	\$ 7,410,846
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 291,140	\$ 338,292
Contributed Property and Equipment and Inventory	\$ 19,186	\$ 10,832

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of North Texas (the Foundation) is a Texas 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. In addition, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Cash and Cash Equivalents and Restricted Cash

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Restricted cash represents monies that are restricted as collateral to secure the note payable. The Foundation's security agreement related to the note payable requires the Foundation to maintain a minimum cash balance in escrow of the collateral pledged to secure the note payable.

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® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost greater than \$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 40 years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

Fair Value Measurements

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

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets (or liabilities) that the reporting entity has the ability to access at the measurement date.

Level 2 – Prices for a similar asset (or liability), other than quoted prices included in Level 1 inputs, that are observable for the asset (or liability), either directly or indirectly. If the asset (or liability) has a specified term, a Level 2 input must be observable for substantially the full term of the asset (or liability).

Level 3 – Unobservable inputs for the asset (or liability) used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset (or liability) at measurement date.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Financing Costs

Costs incurred to obtain loans are deferred and amortized using the straight-line method over the length of the respective loan. Amortization expense of \$13,490 was recorded in the year ended August 31, 2021 and included in interest expense on the statements of functional expenses. Financing costs were fully amortized during the year ended August 31, 2022 as the loan was paid off in full.

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.

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.

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was approximately \$558,601 and \$250,048 for the years ended August 31, 2022 and 2021, respectively. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met which is the occurrence of the event.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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. Conditional promises outstanding for the years ended August 31, 2022 and 2021 were \$-0- and \$149,500, respectively.

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, 2022</u>				
Wish Related	\$ 1,785,072	\$ -	\$ -	\$ 1,785,072
Professional Services	-	-	-	-
Rent	-	-	-	-
Advertising and Media	-	19,520	-	19,520
Other	92,170	9,288	1,431	102,889
Total	<u>\$ 1,877,242</u>	<u>\$ 28,808</u>	<u>\$ 1,431</u>	1,907,481
Internal Special Events				96,609
Contributions Receivable, Net Change				678,138
Inventory (Asset)				(19,186)
Total				<u>\$ 2,663,042</u>
<u>August 31, 2021</u>				
Wish Related	\$ 452,550	\$ -	\$ -	\$ 452,550
Professional Services	-	475	-	475
Rent	2,575	2,328	1,225	6,128
Other	38,125	14,421	-	52,546
Total	<u>\$ 493,250</u>	<u>\$ 17,224</u>	<u>\$ 1,225</u>	511,699
Internal Special Events				100,360
Contributions Receivable, Net Change				15,847
Inventory (Asset)				(10,832)
Total				<u>\$ 617,074</u>

Wish related in-kinds consist of donated travel, goods and other services used in the delivery of wishes. The Foundation estimates the fair value of wish related in-kinds on the basis of estimates of the current market rates for similar travel, goods and other services in the Foundation's market. Professional services are valued and reported at the estimated fair value based on current rates for similar services. Donated rent is valued and reported at the estimated fair value on the basis of comparable lease agreements in the Foundation's market.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

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. The Foundation estimates the fair value of these donated items based on the current market rates for similar items in the Foundation's market. The Foundation receives auction items to be sold at its special events. Contributed auction items are valued at the gross selling price received and the value is included in internal special event revenue on the statement of activities. The amount of auction items received and sold during the years ended August 31, 2022 and 2021 totaled \$509,189 and \$237,630, respectively.

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.

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

Cash Flows

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the totals of the same such amounts shown in the statements of cash flows:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 10,991,245	\$ 6,710,846
Restricted Cash	-	700,000
Total	<u>\$ 10,991,245</u>	<u>\$ 7,410,846</u>

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Texas taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and Section 171.063 of the Texas Tax 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.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2022 and 2021. The Foundation files income tax returns in the U.S. federal jurisdiction, and applicable state jurisdictions.

Functional Expenses

The Foundation performs three functions: wish granting, fundraising, and management and general. Definitions of these functions are as follows:

Wish Granting

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

Fundraising

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

Management and General

All costs not identifiable with a specific program or fundraising activity, 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 \$17,246 and \$3,501, respectively, at August 31, 2022 and 2021.

Management Estimates

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

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

	<u>2022</u>	<u>2021</u>
Total Financial Assets	\$ 13,003,218	\$ 10,642,923
Donor Imposed Restrictions:		
Restricted Funds	(4,007,901)	(3,117,606)
Restricted Cash	<u>-</u>	<u>(700,000)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 8,995,317</u>	<u>\$ 6,825,317</u>

Financial assets include cash and cash equivalents, investments, due from related entities, contributions receivable and restricted cash. 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. 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.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

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

Investment Objective and Allocation of Investment Strategies

The Foundation's cash management objectives are liquidity and protection of principal. As such, the Foundation will maintain all funds in one of the forms listed below. Funds will not be invested in fixed income securities, equities, or other investments without a majority vote of the finance committee.

- Cash
- Preferred deposit accounts
- Treasury bills
- Banker's acceptances
- Repurchase agreements
- Commercial paper
- Certificates of deposit

Note: Money market funds that invest in these securities are preferable over individual investment in any of the securities, to maximize liquidity.

Existing alternative investments, purchased under a previous investment policy, are grandfathered and are not required to be liquidated until such time as the finance committee deems appropriate.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Assets Not Held at Fair Value</u>	<u>Total</u>
<u>August 31, 2022</u>					
Assets:					
Investments:					
Equity Securities	\$ -	\$ -	\$ -	\$ -	\$ -
Alternative Investments	-	-	11,450	-	11,450
Total Investments	-	-	11,450	-	11,450
Beneficial Interest in Assets					
Held by National	-	-	158,501	-	158,501
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,951</u>	<u>\$ -</u>	<u>\$ 169,951</u>
<u>August 31, 2021</u>					
Assets:					
Investments:					
Equity Securities	\$ 13,140	\$ -	\$ -	\$ -	\$ 13,140
Alternative Investments	53,634	-	11,450	-	65,084
Total Investments	66,774	-	11,450	-	78,224
Beneficial Interest in Assets					
Held by National	-	-	194,274	-	194,274
Total	<u>\$ 66,774</u>	<u>\$ -</u>	<u>\$ 205,724</u>	<u>\$ -</u>	<u>\$ 272,498</u>

Purchases, sales, transfers in and transfers out of Level 3 investments consist of the following for the years ended August 31:

	<u>2022</u>	<u>2021</u>
Sales	<u>\$ 6,831</u>	<u>\$ 13,140</u>

The following table describes the valuation techniques used to calculate fair value for assets in Level 3. There were no changes in valuation techniques and related inputs from the prior year.

<u>Quantitative Information About Level 3 Fair Value Measurements</u>			
<u>Type of Assets</u>	<u>Fair Value at August 31, 2022</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>
Investments	\$ 11,450	FMV of Assets	Value of Underlying Assets
Beneficial Interests in Assets Held by Others	158,501	FMV of Assets	Value of Underlying Assets
Total	<u>\$ 169,951</u>		

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

Quantitative Information About Level 3 Fair Value Measurements			
Type of Assets	Fair Value at August 31, 2021	Principal Valuation Technique	Unobservable Inputs
Investments	\$ 11,450	FMV of Assets	Value of Underlying Assets
Beneficial Interests in Assets Held by Others	194,274	FMV of Assets	Value of Underlying Assets
Total	<u>\$ 205,724</u>		

Beneficial Interests in Assets Held by Others

As of August 31, 2022 and 2021, the Foundation had a beneficial interest in assets held by others of \$158,501 and \$194,274, respectively. This interest consists of funds contributed to the Wishes Forever Endowment Fund at the National Office. An endowment agreement has been signed between the chapter and National Office. Distributions from the National Office are made in accordance with the spending policies adopted by the National Office. The National Office have variance power as it relates to these assets. The beneficial interest in assets held by others consists of funds contributed and the earnings thereon, net of distributions received, and is classified as net assets with donor restrictions in the statements of financial position.

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at 3.27% and 1.92% as of August 31, 2022 and 2021, respectively. The following is a summary of the Foundation's contributions receivable at August 31:

	2022	2021
Total Amounts Due in:		
Within One Year	\$ 1,582,407	\$ 949,472
One to Five Years	88,950	499,564
More than Five Years	45,000	-
Gross Contributions Receivable	<u>1,716,357</u>	<u>1,449,036</u>
Less: Allowance for Doubtful Accounts	(50,000)	(25,200)
Less: Discount to Present Value	(15,019)	(10,776)
Contributions Receivable, Net	<u>\$ 1,651,338</u>	<u>\$ 1,413,060</u>

At August 31, 2022, three donors make up 71% of the receivable balance. At August 31, 2021, three donors make up the full receivable balance.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2022 and 2021, respectively, the Foundation received \$1,830,790 and \$3,436,323 from these national revenue streams.

As part of the National Organization's Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation contributed \$1,440,000 and \$-0- during the years ended August 31, 2022 and 2021, respectively.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$762,231 and \$727,944 were paid from the Foundation to the National Organization during the years ended August 31, 2022 and 2021, respectively.

Chapters who assist with the organization and granting of wishes from other chapters are paid a "fee for service" called the wish assist fee. Under this program, the originating chapter agrees to pay a fee to the chapter of the wish destination to assist with any planning, booking, and facilitating of the wish for the home chapter. Under this program, the Foundation received \$8,100 and \$300 for the years ended August 31, 2022 and 2021, respectively, which is recorded in the accompanying statements of activities as Other Income.

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

	<u>2022</u>	<u>2021</u>
Due from National Organization	\$ 324,145	\$ 1,738,214
Due from Other Chapters	25,040	2,579
Total Due from Related Entities	<u>\$ 349,185</u>	<u>\$ 1,740,793</u>
Due to National Organization	\$ -	\$ 328
Due to Other Chapters	102,071	11,829
Total Due to Related Entities	<u>\$ 102,071</u>	<u>\$ 12,157</u>

Amounts due from the National Organization represent contributions remitted to the National Organization that are identified for the Foundation's use but were not yet transferred to the Foundation as of year-end. Amounts due from other chapters represent amounts paid in assisting other chapters with their wish granting. Amounts due to other chapters represent amounts owed to other chapters who have assisted in the granting of wishes for the Foundation. Amounts due to the National Organization generally represent unpaid chapter dues and services.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

During the years ended August 31, 2022 and 2021, the Foundation received contributions, both cash and in-kind, from board members totaling \$195,665 and \$88,097, respectively. At August 31, 2022 and 2021, amounts due from board members totaled \$50,025 and \$95,025, respectively, and are included in contributions receivable in the accompanying statements of financial position. Amounts paid to related parties for goods and services used in the Foundation's operations totaled \$215,309 and \$137,430 for the years ended August 31, 2022 and 2021, respectively.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2022	2021
Land	\$ 11,016	\$ 2,206,016
Buildings and Building Improvements	96,024	7,940,422
Computer Equipment and Software	144,758	120,797
Office Furniture and Equipment	602,994	624,586
Total	854,792	10,891,821
Less: Accumulated Depreciation and Amortization	(584,249)	(1,088,992)
Property and Equipment, Net	\$ 270,543	\$ 9,802,829

Depreciation and amortization expense totaled \$295,791 and \$326,704, respectively, for the years ended August 31, 2022 and 2021.

NOTE 8 NOTES PAYABLE

On June 14, 2018, the Foundation entered into a note payable with a financial institution for an amount up to \$9,500,000. The note bore interest at 5.5%. The note required interest-only payments through December 25, 2019. After that time, monthly payments of principal and interest of \$55,396 were to be made until the maturity date of June 14, 2023. At maturity, the remaining principal will be due. On March 26, 2020, the note payable agreement was amended to reduce the interest rate to 4.25%. The monthly payments of principal and interest of \$49,858 will be made until the maturity date of June 14, 2023.

On November 12, 2021, the Foundation entered into a loan amendment agreement to reduce the interest rate and extend the term of the agreement until October 15, 2036. The outstanding principal bore interest at a fixed rate of 4% with monthly payments of \$48,883 until October 15, 2028. On that date, the interest rate will change to 3.25% plus the seven-year Constant Maturity Treasury index rounded to the nearest one-quarter of 1%. The monthly payments were also adjusted on this date to equal the amount necessary to amortize the unpaid principal balance over the remaining term of the note. During the year ended August 31, 2022, the Foundation fully paid off the note payable.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 8 NOTES PAYABLE (CONTINUED)

Notes payable are made up of the following as of August 31:

	2022	2021
Bank Note	\$ -	\$ 7,575,709
Less: Unamortized Debt Issuance Costs	-	(24,733)
Total Notes Payable, Net Unamortized Debt Issuance Costs	\$ -	\$ 7,550,976

NOTE 9 LEASES

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through September 2027. As of August 31, 2022 and 2021, the cost of leased property and equipment under capital leases was \$88,782 and accumulated depreciation was \$81,572 and \$63,793, respectively. Total rent expense for all operating leases for the years ended August 31, 2022 and 2021 totaled \$136,087 and \$82,022, respectively.

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>
2023	\$ 379,190	\$ 7,502
2024	356,961	628
2025	324,938	-
2026	304,231	-
2027	374,318	-
Thereafter	31,857	-
Total Minimum Lease Payments	\$ 1,771,495	8,130
Less: Amounts Representing Interest		(240)
Present Value of Net Minimum Lease Payments		\$ 7,890

The Foundation leased space in its building to unrelated parties under an agreement that expired upon sale of the building during the year ended August 31, 2022. Revenue from the leased spaced for the years ended August 31, 2022 and 2021 totaled \$-0- and \$280,596, respectively. The Foundation sold the building during the year ended August 31, 2022.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 10 NET ASSETS

Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Wish Granting in West Texas	\$ 124,915	\$ 250,212
Wish Granting in Midland Texas	-	6,000
Wish Granting in Tarrant County	-	200,000
Wish Granting in Odessa Region	-	5,000
Wish Granting in Ector County	-	1,374
Wish Granting in Taylor and Jones County	-	20,000
Disney Wish Boost Shipping	-	8,588
Give Kids the World	693,985	15,847
Building Energy Management System	-	114,000
Total	<u>818,900</u>	<u>621,021</u>
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	872,921	2,496,586
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Stephens Family Endowment Fund	7,694	43,466
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Stephens Family Endowment	150,807	150,807
Janice Brittingham Endowment	2,316,080	-
Total	<u>2,474,581</u>	<u>194,273</u>
Total Donor-Restricted Net Assets	<u>\$ 4,166,402</u>	<u>\$ 3,311,880</u>

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.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 11 ENDOWMENTS (CONTINUED)

Subsequent to year-end, the Foundation adopted a formal investment and endowment spending policy.

Interpretation of Relevant Law

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

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

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

August 31, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 2,316,080	\$ 2,316,080

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

August 31, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ -	\$ -	\$ -
Contributions	-	2,316,080	2,316,080
Endowment Funds - End of Year	\$ -	\$ 2,316,080	\$ 2,316,080

Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There are no fund deficiencies as of August 31, 2022 and 2021.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 12 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. There is no minimum age requirement to participate in the plan. Completion of 90 consecutive calendar days of employment are required to participate in the plan. The Foundation matches employee contributions up to 6% of the employee's salary through December 31, 2019. Effective January 1, 2020, the Foundation matches employee contributions up to 3% and 50% for the next 3% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2022 and 2021 was \$99,271 and \$84,134, 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.

Contributions totaling \$2,316,080 were received from a single donor for the year ended August 31, 2022 which represents 17% of raised revenue which consists of total public support and gross internal special event revenue. There were no concentrations for the year ended August 31, 2021.

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 fiscal years ended August 31, 2022 and 2021, the Foundation granted 488 and 304 wishes, respectively. As of August 31, 2022 and 2021, respectively, there were approximately 1,226 and 1,490 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2022 was \$5,057 in cash and \$3,256 in in-kind for a total cost of \$8,313. The average cost of a wish for the year ended August 31, 2021 was \$3,588 in cash and \$1,302 in in-kind for a total cost of \$4,890.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 16 RISKS AND UNCERTAINTIES

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

As of September 15, 2021, in consultation with the NMAC, the pause on domestic travel to large gatherings was lifted, if travel occurred by automobile. The pause on airline travel was lifted December 1, 2021 with a graduated approach with full domestic travel resuming June of 2022. International and cruise wish travel is still paused as of August 31, 2022. Prior to fiscal year 2020, travel wishes have been approximately 74% of wishes granted and the number of granted wishes averaged approximately 656. The number of wishes granted during the years ended August 31, 2022 and 2021 was 488 and 304, respectively.

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

NOTE 17 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved a \$621,500 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was received on April 20, 2020. The loan accrues interest at 1%, but payments were not required to begin for seven 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 was fully guaranteed by the federal government. The Foundation received forgiveness of \$621,500 on January 5, 2021.

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$626,600 loan. The loan was received on February 23, 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. Payments of \$5,445 were made on this loan during the year ended August 31, 2022 and the Foundation received forgiveness of \$626,600 plus interest on January 5, 2023.

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® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

NOTE 18 EMPLOYEE RETENTION CREDIT

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During the year ended August 31, 2021, the Foundation applied for Employee Retention Credit (ERC) grant funding from the Internal Revenue Service (IRS). The Foundation recognized \$202,374 of grant revenue related to performance requirements being met in compliance with the program during the year ended August 31, 2021.

Eligibility and conditions for the ERC program may be audited by the IRS. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; management is of the opinion that any audit will not have a material adverse impact on the Foundation's financial position.

NOTE 19 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through February 27, 2023, the date at which the financial statements were available to be issued.



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