

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2023 AND 2022



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MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
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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, 2023 and 2022, 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, 2023 and 2022, 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2023, the Foundation adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

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
January 11, 2024

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ 6,262,506	\$ 10,991,245
Investments	2,633,549	11,450
Due from Related Entities	344,865	349,185
Prepaid Expenses	391,858	362,056
Contributions Receivable, Net	902,057	1,651,338
Other Assets	751,823	244,544
Right-of-Use Assets - Operating	1,328,504	-
Right-of-Use Assets - Finance	7,425	-
Property and Equipment, Net	190,934	270,543
Beneficial Interest in Assets Held by Others	<u>169,620</u>	<u>158,501</u>
Total Assets	<u><u>\$ 12,983,141</u></u>	<u><u>\$ 14,038,862</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 754,444	\$ 997,302
Due to Related Entities	174,025	102,071
Other Liabilities	18,648	98,000
Deferred Rent	-	17,246
Lease Liability - Operating	1,343,318	-
Lease Liability - Financing	7,782	-
Capital Lease Obligations	-	7,890
Paycheck Protection Program	<u>-</u>	<u>621,155</u>
Total Liabilities	2,298,217	1,843,664
NET ASSETS		
Without Donor Restrictions	7,205,266	8,028,796
With Donor Restrictions	<u>3,479,658</u>	<u>4,166,402</u>
Total Net Assets	<u>10,684,924</u>	<u>12,195,198</u>
Total Liabilities and Net Assets	<u><u>\$ 12,983,141</u></u>	<u><u>\$ 14,038,862</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 4,039,541	\$ -	\$ 4,039,541
Contributions, Donated Goods and Services	2,525,507	576,692	3,102,199
Grants	1,023,060	-	1,023,060
Total Public Support	<u>7,588,108</u>	<u>576,692</u>	<u>8,164,800</u>
Internal Special Events, Cash	2,573,686	-	2,573,686
Internal Special Events, Donated Goods and Services	151,179	-	151,179
Less: Costs of Direct Benefits to Donors	(851,114)	-	(851,114)
Total Internal Special Events	<u>1,873,751</u>	<u>-</u>	<u>1,873,751</u>
Investment Income, Net	167,544	306,018	473,562
Forgiveness of Paycheck Protection Program Loan	638,256	-	638,256
Change in Value of Beneficial Interest in Assets Held by Others	-	11,119	11,119
Other Income	12,000	-	12,000
Net Assets Released from Restrictions	<u>1,580,573</u>	<u>(1,580,573)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	11,860,232	(686,744)	11,173,488
EXPENSES			
Program Services:			
Wish Granting	9,325,863	-	9,325,863
Support Services:			
Fundraising	2,009,231	-	2,009,231
Management and General	1,348,668	-	1,348,668
Total Support Services	<u>3,357,899</u>	<u>-</u>	<u>3,357,899</u>
Total Expenses	12,683,762	-	12,683,762
CHANGE IN NET ASSETS	(823,530)	(686,744)	(1,510,274)
Net Assets - Beginning of Year	<u>8,028,796</u>	<u>4,166,402</u>	<u>12,195,198</u>
NET ASSETS - END OF YEAR	<u>\$ 7,205,266</u>	<u>\$ 3,479,658</u>	<u>\$ 10,684,924</u>

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	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 Loss, 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	<u>\$ 8,028,796</u>	<u>\$ 4,166,402</u>	<u>\$ 12,195,198</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2023

	Program Services	Support Services			Direct	
	Wish Granting	Fundraising	Management and General	Total Support Services	Donor Benefits	Total
Direct Costs of Wishes	\$ 6,827,282	\$ -	\$ -	\$ -	\$ -	\$ 6,827,282
Salaries, Taxes, and Benefits	1,499,052	1,153,706	845,354	1,999,060	-	3,498,112
Printing, Subscriptions, and Publications	1,284	32,667	3,128	35,795	-	37,079
Professional Fees	24,522	151,482	151,434	302,916	-	327,438
Rent and Utilities	211,730	167,446	72,062	239,508	-	451,238
Postage and Delivery	1,822	2,348	3,540	5,888	-	7,710
Travel	7,340	65,939	44,028	109,967	-	117,307
Meetings and Conferences	3,205	19,415	47,403	66,818	-	70,023
Office Supplies	58,746	3,100	917	4,017	-	62,763
Communications	18,367	14,459	6,253	20,712	-	39,079
Advertising and Media (Cash)	-	15,929	-	15,929	-	15,929
Advertising and Media (In-Kind)	-	23,000	-	23,000	-	23,000
Repairs and Maintenance	4,306	3,390	1,523	4,913	-	9,219
Insurance	109	86	37	123	-	232
Bad Debt Expense	-	23,633	-	23,633	-	23,633
Membership Dues	65	4,679	22	4,701	-	4,766
National Partnership Dues	590,283	134,922	118,057	252,979	-	843,262
Miscellaneous	27,133	153,182	37,678	190,860	-	217,993
Depreciation and Amortization	50,617	39,848	17,232	57,080	-	107,697
Special Event - Direct Donor Benefits	-	-	-	-	851,114	851,114
Total	9,325,863	2,009,231	1,348,668	3,357,899	851,114	13,534,876
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(851,114)	(851,114)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 9,325,863</u>	<u>\$ 2,009,231</u>	<u>\$ 1,348,668</u>	<u>\$ 3,357,899</u>	<u>\$ -</u>	<u>\$ 12,683,762</u>

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	
	Wish Granting	Fundraising	Management and General	Total Support Services	Donor Benefits	Total
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	<u>\$ 7,719,983</u>	<u>\$ 1,656,020</u>	<u>\$ 2,135,370</u>	<u>\$ 3,791,390</u>	<u>\$ -</u>	<u>\$ 11,511,373</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,510,274)	\$ (64,351)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	107,697	295,791
Amortization of Right-of-Use Asset, Finance Lease	7,942	-
Change in Right-of-Use Assets and Lease Liabilities	(11,981)	-
Forgiveness of Paycheck Protection Program Loan	(621,155)	-
Bad Debt Expense	23,633	54,800
Amortization of Bond Issuance Costs	-	24,732
Net Realized and Unrealized Loss on Investments	(241,834)	4,704
Loss on Sale of Property and Equipment	-	1,706,513
Contributed Property and Equipment and Inventory	-	19,186
Change in Value of Beneficial Interest Held by Others	(11,119)	28,942
Change in Discount to Present Value of Contributions Receivable	(650)	4,243
(Increase) Decrease in Assets:		
Contributions Receivable	726,298	(297,321)
Due from Related Entities	4,320	1,391,608
Prepaid Expenses	(29,802)	(121,000)
Other Assets	(507,279)	14,216
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(242,858)	430,225
Due to Related Entities	71,954	89,914
Other Liabilities	(79,352)	(13,175)
Deferred Rent	-	13,745
Net Cash Provided (Used) by Operating Activities	(2,314,460)	3,582,772
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(3,144,526)	-
Proceeds from Sales of Investments	764,261	62,070
Purchases of Property and Equipment	(28,088)	(470,018)
Proceeds from Sales of Property and Equipment	-	8,000,000
Disposition of Assets Held by Others	-	6,831
Net Cash Provided (Used) by Investing Activities	(2,408,353)	7,598,883
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	-	(20,103)
Principal Payments on ROU Obligations - Financing	(5,926)	-
Payments on Paycheck Protection Program Loan	-	(5,445)
Principal Payments on Note Payable	-	(7,575,708)
Net Cash Used by Financing Activities	(5,926)	(7,601,256)

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED AUGUST 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	\$ (4,728,739)	\$ 3,580,399
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>10,991,245</u>	<u>7,410,846</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u><u>\$ 6,262,506</u></u>	<u><u>\$ 10,991,245</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u><u>\$ 3,122</u></u>	<u><u>\$ 291,140</u></u>
Contributed Property and Equipment and Inventory	<u><u>\$ -</u></u>	<u><u>\$ 19,186</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

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

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions or law.

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

Contributions Receivable

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

Leases

The Foundation determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in ROU assets – financing and lease liability – financing in the statements of financial position.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease terms. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Foundation has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Foundation has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

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 (Fiscal Year 2022) 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.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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.

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.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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.

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.

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was approximately \$851,114 and \$558,601 for the years ended August 31, 2023 and 2022, 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.

Donated advertising and media is reported as contribution revenue and fundraising expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

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 statements of activities. The amount of auction items received and sold during the years ended August 31, 2023 and 2022 totaled \$624,684 and \$509,189, respectively.

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.

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.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions – Donated Goods and Services

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

	2023	2022
Wish Related Travel, Goods, and Services	\$ 3,015,061	\$ 1,785,072
Professional Services	15,588	-
Advertising and Media	23,000	19,520
Special Events	151,179	96,609
Other	48,550	665,232
Total Contributed Nonfinancial Assets and Services	<u>\$ 3,253,378</u>	<u>\$ 2,566,433</u>

Wish related travel, goods and other services are used in the wish granting program. The Foundation estimates the fair value of wish related travel, goods, and services on the basis of estimates of the current market rates for similar travel, goods and other services in the Foundation's market.

Professional services relate to fundraising used for support services and are valued and reported at the estimated fair value based on current rates for similar services.

Donated advertising and media is reported at the estimated fair value as provided by the donor based on rates charged for similar advertising or media. Advertising and media is used for both program and supporting services. Advertising and media is used to help the Foundation communicate its message or mission and includes fund raising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes.

Special event donated items 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.

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.

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, 2023 AND 2022

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, 2023 and 2022. 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 (ASC 840)

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, at August 31, 2022.

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, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Pronouncement

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Foundation adopted the requirements of the guidance effective September 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

The Foundation has elected to adopt the package of practical expedients available in the year of adoption. The Foundation has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Foundation's ROU assets.

Lease disclosures for the year ended August 31, 2022 are made under prior lease guidance in FASB Accounting Standards Codification (ASC) 840.

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.

	2023	2022
Total Financial Assets	\$ 10,312,597	\$ 13,161,719
Donor-Imposed Restrictions:		
Restricted Funds	(687,940)	(1,691,821)
Endowments	(2,791,718)	(2,474,581)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 6,832,939</u>	<u>\$ 8,995,317</u>

Financial assets include cash and cash equivalents, investments, due from related entities, contributions receivable. 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, 2023 AND 2022

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, 2023 and 2022 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.

Overall Investment Objective

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Foundation diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the board's audit and finance committee, which oversees the Foundation's investment program in accordance with established guidelines.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

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:

	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2023</u>					
Assets:					
Investments:					
Mutual Funds	\$ 1,078,738	\$ -	\$ -	\$ -	\$ 1,078,738
Equity Securities	1,415,178	-	-	-	1,415,178
Cash	-	-	-	79,445	79,445
Alternative Investments	48,738	-	11,450	-	60,188
Total Investments	2,542,654	-	11,450	79,445	2,633,549
Beneficial Interest in Assets					
Held by National	-	-	169,620	-	169,620
Total	<u>\$ 2,542,654</u>	<u>\$ -</u>	<u>\$ 181,070</u>	<u>\$ 79,445</u>	<u>\$ 2,803,169</u>
<u>August 31, 2022</u>					
Assets:					
Investments:					
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>

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

	2023	2022
Sales	<u>\$ -</u>	<u>\$ 6,831</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.

Quantitative Information About Level 3 Fair Value Measurements			
Type of Assets	Fair Value at August 31, 2023	Principal Valuation Technique	Unobservable Inputs
Investments	\$ 11,450	FMV of Assets	Value of Underlying Assets
Beneficial Interests in Assets Held by Others	169,620	FMV of Assets	Value of Underlying Assets
Total	<u>\$ 181,070</u>		

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

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, 2022	Principal Valuation Technique	Unobservable Inputs
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>		

Beneficial Interests in Assets Held by Others

As of August 31, 2023 and 2022, the Foundation had a beneficial interest in assets held by others of \$169,620 and \$158,501, 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 4.2% and 3.27% as of August 31, 2023 and 2022, respectively. The following is a summary of the Foundation's contributions receivable at August 31:

	2023	2022
Total Amounts Due in:		
Within One Year	\$ 900,926	\$ 1,582,407
One to Five Years	20,500	88,950
More than Five Years	45,000	45,000
Gross Contributions Receivable	966,426	1,716,357
Less: Allowance for Doubtful Accounts	(50,000)	(50,000)
Less: Discount to Present Value	(14,369)	(15,019)
Contributions Receivable, Net	<u>\$ 902,057</u>	<u>\$ 1,651,338</u>

At August 31, 2023, one donor makes up 60% of the receivable balance. At August 31, 2022, three donors make up 71% of the receivable balance.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

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, 2023 and 2022 and 2022, respectively, the Foundation received \$1,669,544 and \$1,830,790 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 \$-0- and \$1,440,000 during the years ended August 31, 2023 and 2022, 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 \$1,000,295 and \$762,231 were paid from the Foundation to the National Organization during the years ended August 31, 2023 and 2022 and 2022, 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 \$12,000 and \$8,100 for the years ended August 31, 2023 and 2022 and 2022, 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:

	2023	2022
Due from National Organization	\$ 332,175	\$ 324,145
Due from Other Chapters	12,690	25,040
Total Due from Related Entities	<u>\$ 344,865</u>	<u>\$ 349,185</u>
Due to National Organization	\$ 6,446	\$ -
Due to Other Chapters	167,579	102,071
Total Due to Related Entities	<u>\$ 174,025</u>	<u>\$ 102,071</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, 2023 AND 2022

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

During the years ended August 31, 2023 and 2022 and 2022, the Foundation received contributions, both cash and in-kind, from board members totaling \$285,146 and \$195,665 , respectively. At August 31, 2023 and 2022 and 2022, amounts due from board members totaled \$20,000 and \$50,025, 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 \$409,326 and \$215,309 for the years ended August 31, 2023 and 2022, respectively.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2023	2022
Land	\$ 11,016	\$ 11,016
Buildings and Building Improvements	87,198	96,024
Computer Equipment and Software	141,639	144,758
Office Furniture and Equipment	492,912	602,994
Total	732,765	854,792
Less: Accumulated Depreciation and Amortization	(541,831)	(584,249)
Property and Equipment, Net	<u>\$ 190,934</u>	<u>\$ 270,543</u>

Depreciation and amortization expense totaled \$107,697 and \$295,791, respectively, for the years ended August 31, 2023 and 2022.

NOTE 8 LEASES

Lease Agreements – ASC 842

The Foundation leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2027.

The following tables provides quantitative information concerning the Foundation's leases.

	2023
Lease Cost:	
Finance Lease Cost:	
Amortization of Right-of-Use Assets	\$ 7,942
Interest on Lease Liabilities	332
Operating Lease Cost	370,288
Total Lease Cost	<u>\$ 378,562</u>

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 8 LEASES (CONTINUED)

Lease Agreements – ASC 842 (Continued)

	<u>2023</u>
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities	
Operating Cash Flows from Financing Leases	\$ 332
Operating Cash Flows from Operating Leases	371,990
Financing Cash Flows from Financing Leases	7,766
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities	13,708
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	1,648,247
Weighted-Average Remaining Leases Term - Financing Leases	1.1 Years
Weighted-Average Remaining Lease Term - Operating Leases	3.9 Years
Weighted-Average Discount Rate - Financing Leases	3.0%
Weighted-Average Discount Rate - Operating Leases	3.4%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of August 31 is as follows:

<u>Year Ending August 31</u>	<u>Operating Leases</u>	<u>Finance Leases</u>
2024	\$ 376,161	\$ 6,780
2025	344,588	1,130
2026	309,181	-
2027	374,316	-
2028	31,857	-
Thereafter	-	-
Total Lease Payments	1,436,103	7,910
Less: Imputed Interest	(92,785)	(128)
Present Value of Lease Liabilities	<u>\$ 1,343,318</u>	<u>\$ 7,782</u>

Operating Lease Agreements – ASC 840

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through September 1, 2027. As of August 31, 2022, the cost of leased property and equipment under capital leases was \$88,782 and accumulated depreciation was \$81,572. Total rent expense for all operating leases for the years ended August 31, 2022 totaled \$136,807.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 9 NET ASSETS

Net Assets With Donor Restrictions

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

	2023	2022
Subject to Expenditure for Specified Purpose:		
Wish Granting in West Texas	\$ -	\$ 124,915
Give Kids the World	576,692	693,985
Total	<u>576,692</u>	<u>818,900</u>
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	111,248	872,921
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	324,831	7,694
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Stephens Family Endowment	150,807	150,807
Janice Brittingham Endowment	2,316,080	2,316,080
Total	<u>2,791,718</u>	<u>2,474,581</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 3,479,658</u></u>	<u><u>\$ 4,166,402</u></u>

NOTE 10 ENDOWMENT

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 as a donor-restricted endowment fund. 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.

During the year, the Foundation adopted a formal investment and endowment spending policy.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 10 ENDOWMENTS (CONTINUED)

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 2023, and 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>August 31, 2023</u>			
Donor-Restricted Endowment Funds	<u>\$ -</u>	<u>\$ 2,622,099</u>	<u>\$ 2,622,099</u>
<u>August 31, 2022</u>			
Donor-Restricted Endowment Funds	<u>\$ -</u>	<u>\$ 2,316,080</u>	<u>\$ 2,316,080</u>

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 10 ENDOWMENTS (CONTINUED)

Changes in endowment funds are as follows for the years ended August 31, 2023, and 2022:

<u>August 31, 2023</u>	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ -	2,316,080	\$ 2,316,080
Investment Return:			
Investment Income	-	63,777	63,777
Net Appreciation (Realized and Unrealized)	-	242,242	242,242
Total Investment Return	-	306,019	306,019
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 2,622,099</u>	<u>\$ 2,622,099</u>
 <u>August 31, 2022</u>			
Endowment Funds - Beginning of Year	\$ -	-	\$ -
Contributions	-	2,316,080	2,316,080
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 2,316,080</u>	<u>\$ 2,316,080</u>

Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There are no fund deficiencies as of August 31, 2023 and 2022.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment fund(s) while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the customized benchmarks while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 3-5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 10 ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year of 3-5% of its endowment fund's average fair value over the prior three fiscal year ends. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of over 3-5% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 11 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 Internal Revenue Code (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, 2023 and 2022 was \$102,706 and \$99,271, respectively.

NOTE 12 CONCENTRATIONS OF CREDIT RISK

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

Contributions totaling \$1,968,844 and \$2,316,080 were received from a single donor for the years ended August 31, 2023 and 2022, respectively, which represents 18% and 17% of raised revenue, respectively which consists of total public support and gross internal special event revenue.

NOTE 13 LITIGATION AND CLAIMS

The Foundation is periodically involved in litigation and claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position, change in net assets, or liquidity.

MAKE-A-WISH FOUNDATION® OF NORTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 14 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal years ended August 31, 2023 and 2022, the Foundation granted 634 and 488 wishes, respectively. As of August 31, 2023 and 2022, respectively, there were approximately 1,140 and 1,226 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2023 was \$5,261 in cash and \$4,972 in in-kind for a total cost of \$10,233. The average cost of a wish for the year ended August 31, 2022 was \$4,025 in cash and \$2,307 in in-kind for a total cost of \$6,332.

NOTE 15 RISKS AND UNCERTAINTIES

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

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, 2023. 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, 2023 and 2022 was 634 and 488, respectively.

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

NOTE 16 PAYCHECK PROTECTION PROGRAM

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 U.S. Small Business Administration (SBA). 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.

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NOTE 17 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, 2023, the Foundation applied for Employee Retention Credit (ERC) grant funding from the Internal Revenue Service. The Foundation recognized \$540,930 of grant revenue related to performance requirements being met in compliance with the program during the year ended August 31, 2023.

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 18 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statements of financial position date through January 11, 2024, the date at which the financial statements were available to be issued.

