

**MAKE-A-WISH FOUNDATION® OF NEW MEXICO**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED AUGUST 31, 2023 AND 2022**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of New Mexico  
Albuquerque, New Mexico

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Make-A-Wish Foundation® of New Mexico (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 New Mexico 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 New Mexico 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 New Mexico'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 New Mexico'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 New Mexico'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**

Phoenix, Arizona  
January 18, 2024

**MAKE-A-WISH FOUNDATION® OF NEW MEXICO**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,786,538	\$ 1,586,143
Investments	396,021	376,864
Due from Related Entities	39,376	38,860
Prepaid Expenses	48,812	66,724
Contributions Receivable, Net	67,496	37,794
Other Assets	3,921	11,901
Property and Equipment, Net	992	-
Right-of-Use Assets - Operating	45,107	-
	\$ 2,388,263	\$ 2,118,286
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 64,003	\$ 77,163
Due to Related Entities	27,641	14,959
Other Liabilities	1,682	1,013
Deferred Rent	-	218
Lease Liability - Operating	45,235	-
Total Liabilities	138,561	93,353
<b>NET ASSETS</b>		
Without Donor Restrictions	2,182,162	1,969,086
With Donor Restrictions	67,540	55,847
Total Net Assets	2,249,702	2,024,933
Total Liabilities and Net Assets	\$ 2,388,263	\$ 2,118,286

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW MEXICO**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Cash	\$ 1,430,804	\$ -	\$ 1,430,804
Contributions, Donated Goods and Services	482,900	67,496	550,396
Grants	108,129	-	108,129
Total Public Support	2,021,833	67,496	2,089,329
Internal Special Events	255,797	-	255,797
Internal Special Events, Donated Goods and Services	240	-	240
Less: Costs of Direct Benefits to Donors	(20,146)	-	(20,146)
Total Internal Special Events	235,891	-	235,891
Investment Income, Net	19,156	-	19,156
Other Income	450	-	450
Net Assets Released from Restrictions	55,803	(55,803)	-
Total Revenues, Gains, and Other Support	2,333,133	11,693	2,344,826
<b>EXPENSES</b>			
Program Services:			
Wish Granting	1,730,534	-	1,730,534
Support Services:			
Fundraising	214,482	-	214,482
Management and General	175,041	-	175,041
Total Support Services	389,523	-	389,523
Total Expenses	2,120,057	-	2,120,057
<b>CHANGE IN NET ASSETS</b>	213,076	11,693	224,769
Net Assets - Beginning of Year	1,969,086	55,847	2,024,933
<b>NET ASSETS - END OF YEAR</b>	\$ 2,182,162	\$ 67,540	\$ 2,249,702

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW MEXICO**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Cash	\$ 1,291,800	\$ -	\$ 1,291,800
Contributions, Donated Goods and Services	360,278	37,794	398,072
Grants	65,075	18,009	83,084
Total Public Support	1,717,153	55,803	1,772,956
Internal Special Events	197,977	-	197,977
Internal Special Events, Donated Goods and Services	2,975	-	2,975
Less: Costs of Direct Benefits to Donors	(19,500)	-	(19,500)
Total Internal Special Events	181,452	-	181,452
Investment Loss, Net	(36,457)	-	(36,457)
Net Assets Released from Restrictions	2,555	(2,555)	-
Total Revenues, Gains, and Other Support	1,864,703	53,248	1,917,951
<b>EXPENSES</b>			
Program Services:			
Wish Granting	1,262,990	-	1,262,990
Support Services:			
Fundraising	174,026	-	174,026
Management and General	143,539	-	143,539
Total Support Services	317,565	-	317,565
Total Expenses	1,580,555	-	1,580,555
<b>CHANGE IN NET ASSETS</b>	284,148	53,248	337,396
Net Assets - Beginning of Year	1,684,938	2,599	1,687,537
<b>NET ASSETS - END OF YEAR</b>	\$ 1,969,086	\$ 55,847	\$ 2,024,933

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW MEXICO**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2023**

	Program Services		Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services			
Direct Costs of Wishes	\$ 1,289,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,289,890
Salaries, Taxes, and Benefits	299,068	127,472	63,736	191,208	-	-	490,276
Printing, Subscriptions, and Publications	581	2,791	464	3,255	-	-	3,836
Professional Fees	254	702	54,517	55,219	-	-	55,473
Rent and Utilities	19,935	8,497	4,249	12,746	-	-	32,681
Postage and Delivery	974	776	152	928	-	-	1,902
Travel	(16)	3,371	12,865	16,236	-	-	16,220
Meetings and Conferences	736	5,384	7,867	13,251	-	-	13,987
Office Supplies	12,835	1,072	1,035	2,107	-	-	14,942
Communications	1,529	652	326	978	-	-	2,507
Advertising and Media (In-Kind)	-	19,478	-	19,478	-	-	19,478
Repairs and Maintenance	2,543	1,084	544	1,628	-	-	4,171
National Partnership Dues	100,235	22,911	20,047	42,958	-	-	143,193
Miscellaneous	1,927	20,274	9,230	29,504	-	-	31,431
Depreciation and Amortization	43	18	9	27	-	-	70
Special Event - Direct Donor Benefits	-	-	-	-	20,146	-	20,146
Total Expenses by Function	<u>1,730,534</u>	<u>214,482</u>	<u>175,041</u>	<u>389,523</u>	<u>20,146</u>		<u>2,140,203</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:							
Special Event Expenses	-	-	-	-	(20,146)	-	(20,146)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,730,534</u>	<u>\$ 214,482</u>	<u>\$ 175,041</u>	<u>\$ 389,523</u>	<u>\$ -</u>		<u>\$ 2,120,057</u>

See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION® OF NEW MEXICO**  
**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	\$ 857,541	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 857,541
Salaries, Taxes, and Benefits	279,124	103,507	60,499	164,006	-	-	443,130
Printing, Subscriptions, and Publications	499	5,304	72	5,376	-	-	5,875
Professional Fees	26	2,376	46,504	48,880	-	-	48,906
Rent and Utilities	20,077	7,772	4,533	12,305	-	-	32,382
Postage and Delivery	787	396	109	505	-	-	1,292
Travel	4	2,584	1,092	3,676	-	-	3,680
Meetings and Conferences	55	3,924	891	4,815	-	-	4,870
Office Supplies	9,157	876	692	1,568	-	-	10,725
Communications	1,279	809	301	1,110	-	-	2,389
Advertising and Media (Cash)	-	539	-	539	-	-	539
Advertising and Media (In-Kind)	-	11,700	-	11,700	-	-	11,700
Repairs and Maintenance	2,376	919	536	1,455	-	-	3,831
National Partnership Dues	90,523	16,344	18,859	35,203	-	-	125,726
Miscellaneous	1,542	16,976	9,451	26,427	-	-	27,969
Special Event - Direct Donor Benefits	-	-	-	-	19,500	-	19,500
Total Expenses by Function	1,262,990	174,026	143,539	317,565	19,500	-	1,600,055
Less: Expenses Netted Against Revenues on the Statement of Activities:							
Special Event Expenses	-	-	-	-	(19,500)	-	(19,500)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 1,262,990	\$ 174,026	\$ 143,539	\$ 317,565	\$ -	\$ -	\$ 1,580,555

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW MEXICO**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 224,769	\$ 337,396
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation and Amortization	70	-
Net Realized and Unrealized Losses on Investments	4,721	44,537
Contributed Property and Equipment and Inventory	-	(4,717)
Change in Operating Right-of-Use Assets and Lease Liabilities	(90)	-
(Increase) Decrease in Assets:		
Contributions Receivable	(29,702)	(37,794)
Due from Related Entities	(516)	(19,893)
Prepaid Expenses	17,912	2,535
Other Assets	7,980	(1,723)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(13,160)	38,851
Due to Related Entities	12,682	12,604
Other Liabilities	669	(274)
Deferred Rent	-	218
Net Cash Provided by Operating Activities	225,335	371,740
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(108,878)	(193,079)
Proceeds from Sales of Investments	85,000	35,000
Purchases of Property and Equipment	(1,062)	-
Net Cash Used by Investing Activities	(24,940)	(158,079)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	200,395	213,661
Cash and Cash Equivalents - Beginning of Year	1,586,143	1,372,482
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,786,538	\$ 1,586,143
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Contributed Inventory	\$ -	\$ 4,717
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 77,000	\$ -

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 1 ORGANIZATION**

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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

**Cash and Cash Equivalents**

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

**Investments**

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

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

**Contributions Receivable**

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

**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 NEW MEXICO**  
**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 right of use 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 \$2,500 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. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 6 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.

**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.

**MAKE-A-WISH FOUNDATION® OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

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

**Net Assets (Continued)**

*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 restrictions 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.

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 \$20,000 and \$19,500 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.

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, 2023 and 2022 totaled \$69,025 and \$15,231, respectively.

Donated advertising and media is reported as contribution revenue and fundraising 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.

**MAKE-A-WISH FOUNDATION® OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**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.

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.

**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	\$ 507,481	\$ 350,641
Professional Services	7,500	10,000
Advertising and Media	19,478	11,700
Special Events	240	2,735
Other	15,937	25,971
Total Contributed Nonfinancial Assets and Services	\$ 550,636	\$ 401,047

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 investment consulting 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.

**MAKE-A-WISH FOUNDATION® OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

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

**Contributions: Donated Goods and Services (Continued)**

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 New Mexico income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3). However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 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 the specific programs 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.

**MAKE-A-WISH FOUNDATION® OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

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

**Functional Expenses (Continued)**

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 \$218 at August 31, 2022.

**Management Estimates**

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

**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 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 ASC 840.



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**NOTE 3 LIQUIDITY AND AVAILABILITY**

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

	2023	2022
Total Financial Assets	\$ 2,289,431	\$ 2,039,661
Donor-Imposed Restrictions:		
Restricted Funds	(67,540)	(55,847)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 2,221,891	\$ 1,983,814

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

**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 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 of directors, which oversees the Foundation's investment program in accordance with established guidelines.

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**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value Hierarchy**

The following table presents the fair value hierarchy of assets 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>					
Investments:					
Mutual Funds	\$ 388,392	\$ -	\$ -	\$ -	\$ 388,392
Cash	-	-	-	7,629	7,629
Total Investments	<u>\$ 388,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,629</u>	<u>\$ 396,021</u>
<u>August 31, 2022</u>					
Investments:					
Mutual Funds	\$ 288,113	\$ -	\$ -	\$ -	\$ 288,113
Money Market	-	-	-	85,000	85,000
Cash	-	-	-	3,751	3,751
Total Investments	<u>\$ 288,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,751</u>	<u>\$ 376,864</u>

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

The Foundation's contributions receivable as of August 31, 2023 and 2022 were \$67,496 and \$37,794, respectively, which are due from one donor. All contributions receivable are due within the next 12 months.

**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, respectively, the Foundation received \$292,711 and \$316,704 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 received \$10,252 and \$-0- during the years ended August 31, 2023 and 2022, respectively.

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**NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)**

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 \$225,987 and \$162,735 were paid from the Foundation to the National Organization during the years ended August 31, 2023 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 \$450 and \$-0-, respectively, for the years ended August 31, 2023 and 2022, 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>2023</u>	<u>2022</u>
Due from National Organization	\$ 34,488	\$ 38,860
Due from Other Chapters	4,888	-
Total Due from Related Entities	<u>\$ 39,376</u>	<u>\$ 38,860</u>
Due to National Organization	\$ 4,528	\$ 1,252
Due to Other Chapters	23,113	13,707
Total Due to Related Entities	<u>\$ 27,641</u>	<u>\$ 14,959</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.

During the years ended August 31, 2023 and 2022, the Foundation received contributions, both cash and in-kind, from board members totaling \$99,358 and \$143,586, respectively.

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**NOTE 7 PROPERTY AND EQUIPMENT, NET**

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

	2023	2022
Computer Equipment and Software	\$ 1,062	\$ -
Office Furniture and Other Equipment	822	822
Total	1,884	822
Less: Accumulated Depreciation and Amortization	(892)	(822)
Property and Equipment, Net	\$ 992	\$ -

Depreciation and amortization expense totaled \$70 and \$-0- for the years ended August 31, 2023 and 2022, respectively.

**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 2025.

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

	2023
Lease Cost:	
Operating Lease Cost	\$ 33,943
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities	
Operating Cash Flows from Operating Leases	\$ 34,033
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 77,000
Weighted-Average Remaining Leases Term - Operating Leases	1.4 years
Weighted-Average Discounted Rate - Operating Leases	3.43%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of August 31, 2023 is as follows:

<u>Year Ending August 31,</u>	<u>Operating Leases</u>
2024	\$ 32,933
2025	13,328
Total Lease Payments	46,261
Less: Imputed Interest	(1,026)
Present Value of Lease Liabilities	\$ 45,235

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**NOTE 8 LEASES (CONTINUED)**

**Lease Agreements – ASC 840**

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through July 2025. Total rent expense for all operating leases for the year ended August 31, 2022 totaled \$34,168.

**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	\$ 67,540	\$ 55,847

**NOTE 10 RETIREMENT PLAN**

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 4% of the employee’s salary. Foundation contributions to the Plan for the years ended August 31, 2023 and 2022 were \$15,923 and \$11,862, respectively.

**NOTE 11 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.

For the year ended August 31, 2023 contributions totaling \$577,001 were received from two donors, which represents 26% of total raised revenue. There were no raised revenue concentrations for the year ended August 31, 2022. Should these contribution levels decrease, the Foundation may be adversely affected.

For the years ended August 31, 2023 and 2022, one donor represented 100% of the contributions receivable balance. Should these contribution levels decrease, the Foundation may be adversely affected.

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**NOTE 12 COMMITMENTS**

The goal of the Foundation is to grant the wish of every eligible child. During the years ended August 31, 2023 and 2022, the Foundation granted 108 and 65 wishes, respectively. As of both August 31, 2023 and 2022, there were approximately 150 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2023 was \$8,103 in cash and \$4,952 in in-kind for a total cost of \$13,055. The average cost of a wish for the year ended August 31, 2022 was \$7,514 in cash and \$3,426 in in-kind for a total cost of \$10,940.

**NOTE 13 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 75% of wishes granted and the number of granted wishes averaged approximately 104. The number of wishes granted during the years ended August 31, 2023 and 2022 was 108 and 65, respectively.

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

**NOTE 14 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 years ended August 31, 2023 and 2022 the Foundation applied for Employee Retention Credit (ERC) grant funding from the Internal Revenue Service (IRS). The Foundation recognized \$69,877 and \$27,884, respectively, of grant revenue related to performance requirements being met in compliance with the program during the years ended August 31, 2023 and 2022.

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.

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**NOTE 15 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statements of financial position date through January 18, 2024, the date at which the financial statements were available to be issued.



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