

**MAKE-A-WISH FOUNDATION OF CENTRAL AND
WESTERN NORTH CAROLINA, INC.**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022



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**MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
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YEARS ENDED AUGUST 31, 2023 AND 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation of Central and Western North Carolina, Inc.
Charlotte, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Foundation of Central and Western North Carolina, Inc. (a nonprofit organization) (the Foundation), 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 Central and Western North Carolina, Inc. 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 Central and Western North Carolina, Inc. 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 Central and Western North Carolina, Inc.'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 Central and Western North Carolina, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Make-A-Wish Foundation of Central and Western North Carolina, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



CliftonLarsonAllen LLP

Phoenix, Arizona
March 20, 2024

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 2,729,211	\$ 2,583,506
Investments	3,122,355	2,863,120
Due from Related Entities	121,921	94,009
Prepaid Expenses	92,899	269,757
Contributions Receivable, Net	1,364,530	924,765
Other Assets	74,063	66,936
Right-of-Use Assets - Finance	21,199	-
Property and Equipment, Net	2,215,674	1,987,433
Total Assets	\$ 9,741,852	\$ 8,789,526
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 807,030	\$ 457,455
Due to Related Entities	126,094	67,155
Deferred Revenue	12,344	68,555
Capital Lease Obligations	-	12,953
Lease Liability - Financing	21,796	-
Notes Payable	1,154,461	1,266,023
Total Liabilities	2,121,725	1,872,141
NET ASSETS		
Without Donor Restrictions	6,303,203	6,290,835
With Donor Restrictions	1,316,924	626,550
Total Net Assets	7,620,127	6,917,385
Total Liabilities and Net Assets	\$ 9,741,852	\$ 8,789,526

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 2,533,277	\$ -	\$ 2,533,277
Contributions, Donated Goods and Services	1,703,493	1,203,639	2,907,132
Grants	282,630	57,085	339,715
Total Public Support	4,519,400	1,260,724	5,780,124
Internal Special Events, Cash	3,299,440	-	3,299,440
Internal Special Events, Donated Goods and Services	76,696	-	76,696
Less: Costs of Direct Benefits to Donors	(584,212)	-	(584,212)
Total Internal Special Events	2,791,924	-	2,791,924
Investment Income, Net	279,864	-	279,864
Other Income	7,399	-	7,399
Net Assets Released from Restrictions	570,350	(570,350)	-
Total Revenues, Gains, and Other Support	8,168,937	690,374	8,859,311
 EXPENSES			
Program Services:			
Wish Granting	6,459,506	-	6,459,506
Support Services:			
Fundraising	953,675	-	953,675
Management and General	743,388	-	743,388
Total Support Services	1,697,063	-	1,697,063
Total Expenses	8,156,569	-	8,156,569
CHANGE IN NET ASSETS	12,368	690,374	702,742
Net Assets - Beginning of Year	6,290,835	626,550	6,917,385
NET ASSETS - END OF YEAR	\$ 6,303,203	\$ 1,316,924	\$ 7,620,127

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 1,820,692	\$ 312	\$ 1,821,004
Contributions, Donated Goods and Services	843,406	337,441	1,180,847
Grants	704,057	52,142	756,199
Total Public Support	3,368,155	389,895	3,758,050
Internal Special Events, Cash	2,523,662	96,413	2,620,075
Internal Special Events, Donated Goods and Services	19,731	-	19,731
Less: Costs of Direct Benefits to Donors	(422,525)	-	(422,525)
Total Internal Special Events	2,120,868	96,413	2,217,281
Investment Income, Net	(479,749)	-	(479,749)
Forgiveness of Paycheck Protection Program Loan	282,600	-	282,600
Other Income	12,508	-	12,508
Net Assets Released from Restrictions	221,804	(221,804)	-
Total Revenues, Gains, and Other Support	5,526,186	264,504	5,790,690
EXPENSES			
Program Services:			
Wish Granting	3,792,381	-	3,792,381
Support Services:			
Fundraising	657,297	-	657,297
Management and General	532,524	-	532,524
Total Support Services	1,189,821	-	1,189,821
Total Expenses and Losses	4,982,202	-	4,982,202
CHANGE IN NET ASSETS	543,984	264,504	808,488
Net Assets - Beginning of Year	5,746,851	362,046	6,108,897
NET ASSETS - END OF YEAR	\$ 6,290,835	\$ 626,550	\$ 6,917,385

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
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	\$ 4,779,510	\$ -	\$ -	\$ -	\$ -	\$ 4,779,510
Salaries, Taxes, and Benefits	1,203,434	540,993	464,022	1,005,015	-	2,208,449
Printing, Subscriptions, and Publications	2,226	10,657	2,947	13,604	-	15,830
Professional Fees	30,027	56,244	93,586	149,830	-	179,857
Rent and Utilities	47,426	21,320	18,274	39,594	-	87,020
Postage and Delivery	803	7,564	1,390	8,954	-	9,757
Travel	2,686	27,972	14,437	42,409	-	45,095
Meetings and Conferences	2,658	31,169	30,548	61,717	-	64,375
Office Supplies	12,459	12,430	3,617	16,047	-	28,506
Communications	9,605	4,318	3,740	8,058	-	17,663
Advertising and Media (Cash)	992	37,870	-	37,870	-	38,862
Repairs and Maintenance	255	2,210	1,006	3,216	-	3,471
Bad Debt Expense	-	3,000	-	3,000	-	3,000
Membership Dues	-	-	75	75	-	75
National Partnership Dues	291,224	66,566	58,245	124,811	-	416,035
Miscellaneous	30,074	110,626	33,728	144,354	-	174,428
Depreciation and Amortization	46,127	20,736	17,773	38,509	-	84,636
Special Event - Direct Donor Benefits	-	-	-	-	584,212	584,212
Total	<u>6,459,506</u>	<u>953,675</u>	<u>743,388</u>	<u>1,697,063</u>	<u>584,212</u>	<u>8,740,781</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(584,212)</u>	<u>(584,212)</u>
 Total Expenses Included in the Expense Section of the Statement of Activities	 <u>\$ 6,459,506</u>	 <u>\$ 953,675</u>	 <u>\$ 743,388</u>	 <u>\$ 1,697,063</u>	 <u>\$ -</u>	 <u>\$ 8,156,569</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
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	\$ 2,508,417	\$ -	\$ -	\$ -	\$ -	\$ 2,508,417
Salaries, Taxes, and Benefits	901,184	405,118	347,244	752,362	-	1,653,546
Printing, Subscriptions, and Publications	3,933	13,084	1,653	14,737	-	18,670
Professional Fees	9,093	15,378	81,768	97,146	-	106,239
Rent and Utilities	32,889	14,785	12,673	27,458	-	60,347
Postage and Delivery	3,063	2,634	467	3,101	-	6,164
Travel	1,994	7,503	4,880	12,383	-	14,377
Meetings and Conferences	770	26,201	513	26,714	-	27,484
Office Supplies	37,473	5,862	2,702	8,564	-	46,037
Communications	9,687	4,354	3,732	8,086	-	17,773
Advertising and Media (Cash)	-	17,305	-	17,305	-	17,305
Repairs and Maintenance	507	228	195	423	-	930
Insurance	38	17	15	32	-	70
National Partnership Dues	210,285	37,968	43,809	81,777	-	292,062
Miscellaneous	32,408	88,590	17,213	105,803	-	138,211
Depreciation and Amortization	40,640	18,270	15,660	33,930	-	74,570
Special Event Expenses	-	-	-	-	422,525	422,525
Total	<u>3,792,381</u>	<u>657,297</u>	<u>532,524</u>	<u>1,189,821</u>	<u>422,525</u>	<u>5,404,727</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(422,525)</u>	<u>(422,525)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,792,381</u>	<u>\$ 657,297</u>	<u>\$ 532,524</u>	<u>\$ 1,189,821</u>	<u>\$ -</u>	<u>\$ 4,982,202</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 702,742	\$ 808,488
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities:		
Depreciation and Amortization	79,343	74,570
Amortization of Right-of-Use Asset, Finance Lease	5,293	-
Forgiveness of Paycheck Protection Program Loan	-	(282,600)
Bad Debt Expense and Other	3,000	-
Net Realized and Unrealized (Gain) Loss on Investments	(144,026)	516,862
Contributed Other Assets	(1,500)	25,979
Change in Discount to Present Value of Contributions Receivable	(60,659)	(578)
(Increase) Decrease in Assets:		
Contributions Receivable	(382,106)	(579,614)
Due from Related Entities	(27,912)	(30,608)
Prepaid Expenses	176,858	(113,709)
Other Assets	(7,127)	10,369
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	319,696	170,779
Due to Related Entities	58,939	47,562
Deferred Revenue	(56,211)	11,212
Net Cash and Cash Equivalents Provided by Operating Activities	666,330	658,712
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(5,570,205)	(3,212,794)
Proceeds from Sales of Investments	5,454,996	2,980,194
Purchases of Property and Equipment	(286,655)	(34,491)
Net Cash and Cash Equivalents Used by Investing Activities	(401,864)	(267,091)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	-	(8,623)
Principal Payments on Finance Lease Obligations	(7,199)	-
Principal Payments on Notes Payable	(111,562)	(108,499)
Net Cash and Cash Equivalents Used by Financing Activities	(118,761)	(117,122)
NET INCREASE IN CASH AND CASH EQUIVALENTS	145,705	274,499
Cash and Cash Equivalents - Beginning of Year	2,583,506	2,309,007
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,729,211	\$ 2,583,506
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 32,028	\$ 40,641
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	\$ 26,492	\$ -
Contributed Other Assets	\$ 1,500	\$ -

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 1 ORGANIZATION

Make-A-Wish Foundation of Central and Western North Carolina, Inc. (the Foundation) is a North Carolina 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.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 right-of-use (ROU) assets – financing and lease liability – financing in the statements of financial position.

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 \$1,000 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 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 5 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease(s). 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.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

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

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

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

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

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

See additional information in Note 4.

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 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.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
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 \$584,000 and \$422,500 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 \$324,535 and \$359,148, 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.

Conditional promises to give are not recognized as contribution revenue and receivables until the conditions have been substantially met.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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:

	<u>2023</u>	<u>2022</u>
Wish Related Travel, Goods, and Services	\$ 2,076,240	\$ 1,140,963
Contributed Office Space	822,750	32,685
Special Events	76,696	19,731
Property and Equipment	1,500	-
Other	<u>6,642</u>	<u>19,986</u>
Total Contributed Nonfinancial Assets and Services	<u>\$ 2,983,828</u>	<u>\$ 1,213,365</u>

Wish related travel, goods and 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.

Contributed office space is valued and reported at the estimated fair value on the basis of comparable lease agreements in the Foundation's market. Contributed office space is used for both program and supporting services.

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.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and North Carolina income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and Section 55A of the General Statutes of North Carolina. 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 a specific program or fundraising activities, 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.

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 CENTRAL AND WESTERN NORTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

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 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. Holding 6 to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

	<u>2023</u>	<u>2022</u>
Total Financial Assets	\$ 7,338,017	\$ 6,465,400
Donor Imposed Restrictions:		
Restricted Funds	<u>(1,316,924)</u>	<u>(626,550)</u>
Net Financial Assets after Donor-Imposed Restrictions	<u>\$ 6,021,093</u>	<u>\$ 5,838,850</u>

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.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
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 of directors, which oversees the Foundation's investment program in accordance with established guidelines.

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	\$ 1,049,863	\$ -	\$ -	\$ -	\$ 1,049,863
Equity Securities	441,370	-	-	-	441,370
Real Estate Investment Trust	8,126	-	-	-	8,126
Cash	-	-	-	1,622,996	1,622,996
Total	<u>\$ 1,499,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,622,996</u>	<u>\$ 3,122,355</u>
<u>August 31, 2022</u>					
Investments:					
Mutual Funds	\$ 1,003,421	\$ -	\$ -	\$ -	\$ 1,003,421
Equity Securities	1,586,654	-	-	-	1,586,654
Real Estate Investment Trust	196,161	-	-	-	196,161
Cash	-	-	-	76,884	76,884
Total	<u>\$ 2,786,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,884</u>	<u>\$ 2,863,120</u>

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at a rate of 4.20% and 3.27% at August 31, 2023 and 2022, respectively. For the years ended August 31, 2023 and 2022 three donors were 93% and 82% of the contributions receivable balance, respectively. The following is a summary of the Foundation's contributions receivable August 31:

	2023	2022
Total Amounts Due in:		
Within One Year	\$ 695,171	\$ 822,904
One to Five Years	738,157	110,000
Gross Contributions Receivable	1,433,328	932,904
Less: Discount to Present Value	(68,798)	(8,139)
Contributions Receivable, Net	\$ 1,364,530	\$ 924,765

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 \$944,179 and \$761,205 from these national revenue streams.

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. Amount totaling \$505,238 and \$396,533 was 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 \$1,500 and \$300, 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:

	2023	2022
Due from National Organization	\$ 120,122	\$ 93,139
Due from Other Chapters	1,799	870
Total Due from Related Entities	\$ 121,921	\$ 94,009
Due to National Organization	\$ 33,097	\$ 3,513
Due to Other Chapters	92,997	63,642
Total Due to Related Entities	\$ 126,094	\$ 67,155

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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 \$108,129 and \$88,598, respectively.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2023	2022
Computer Equipment and Software	\$ 88,254	\$ 78,347
Other Equipment	65,410	121,749
Land and Land Improvements	340,000	340,000
Buildings and Building Improvements	1,764,830	1,764,829
Construction in Progress	304,194	-
Total	<u>2,562,688</u>	<u>2,304,925</u>
Less: Accumulated Depreciation and Amortization	<u>(347,014)</u>	<u>(317,492)</u>
Property and Equipment, Net	<u>\$ 2,215,674</u>	<u>\$ 1,987,433</u>

Construction in progress consists of leasehold improvements at the Foundation's new space.

Depreciation and amortization expense totaled \$84,636 and \$74,570, respectively, for the years ended August 31, 2023 and 2022.

Subsequent to year-end, the building was sold.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 8 NOTES PAYABLE

On July 31, 2018, the Foundation entered into a note payable with a financial institution totaling \$1,649,000. On January 31, 2021, the Foundation refinanced the note payable with the financial institution totaling \$1,436,861. The note bears interest at 2.75%, requires principal payments in equal monthly installments of \$12,120, and matures on October 28, 2025, at which time the final balloon payment is due. The collateral on this note is commercial property the Foundation purchased during fiscal year 2019. The remaining principal payments subsequent to August 31, 2023, are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2024	\$ 114,628
2025	117,950
2026	921,883
Total	<u>\$ 1,154,461</u>

Subsequent to year-end upon sale of the wish house, the loan was paid in full.

NOTE 9 LEASES

Lease Agreements - ASC 842

The Foundation leases equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through March 2028.

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

	<u>2023</u>
Lease Cost:	
Finance Lease Cost:	
Amortization of Right-of-Use Assets	\$ 5,293
Interest on Lease Liabilities	1,226
Total Lease Cost	<u>\$ 6,519</u>

Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Financing Leases	\$ 1,226
Financing Cash Flows from Financing Leases	\$ 7,199
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities	\$ 26,492
Weighted-Average Remaining Leases Term - Financing Leases	4.6 years
Weighted-Average Discount Rate - Financing Leases	6.20%

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 9 LEASES (CONTINUED)

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>Finance Leases</u>
2024	\$ 5,512
2025	5,512
2026	5,512
2027	5,512
2028	<u>3,215</u>
Total Lease Payments	25,263
Less: Imputed Interest	<u>(3,467)</u>
Present Value of Lease Liabilities	<u><u>\$ 21,796</u></u>

Lease Agreements – ASC 840

As of August 31, 2022, the cost of leased property and equipment under capital leases was \$45,887 and accumulated depreciation was \$35,438.

NOTE 10 NET ASSETS

Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 436,095	\$ 343,964
In-Kind Rent	763,916	-
Wish House Technology	13,000	-
Total	<u>1,213,011</u>	<u>343,964</u>
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	<u>103,913</u>	<u>282,586</u>
Total Donor-Restricted Net Assets	<u><u>\$ 1,316,924</u></u>	<u><u>\$ 626,550</u></u>

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 11 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 \$49,936 and \$37,474, 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 \$1,184,043 were received from a single donor for the year ended August 31, 2023 which represents 13% of raised revenue which consists of total public support and gross internal special event revenue. Should these contribution levels decrease, the Foundation may be adversely affected. There were no donors who greater than 10% of raised revenue for the year ended August 31, 2022.

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.

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 430 and 280 wishes, respectively. As of August 31, 2023 and 2022, respectively, there were approximately 445 and 530 wish children who are eligible for a wish. The average cost of a wish for the fiscal year ended August 31, 2023 was \$5,783 in cash and \$4,586 in in-kind for a total cost of \$10,369. The average cost of a wish for the year ended August 31, 2022 was \$5,539 in cash and \$1,717 in in-kind for a total cost of \$7,256.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

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 or fiscal year 2020, travel wishes have been approximately 80% of wishes granted and the number of granted wishes averaged approximately 371. The number of wishes granted during the years ended August 31, 2023 and 2022 was 430 and 280, respectively.

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

NOTE 16 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$282,600 loan under the second round of Paycheck Protection Program funding created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was received on March 22, 2021. The loan accrues interest at 1%, with the first 10 months of interest deferred, has a term of five years and is unsecured and guaranteed by the Small Business Administration. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Foundation received forgiveness of \$282,600 on March 17, 2022.

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

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NORTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

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, 2022 the Foundation applied for and recorded an Employee Retention Credit (ERC) grant funding from the Internal Revenue Service. The Foundation recognized \$507,970 of grant revenue related to performance requirements being met in compliance with the program during the year ended August 31, 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.

NOTE 18 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through March 20, 2024, the date at which the financial statements were available to be issued.



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