

**MAKE-A-WISH FOUNDATION® OF  
SOUTH DAKOTA AND MONTANA**

**FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2023 AND 2022**

MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA  
TABLE OF CONTENTS  
YEARS ENDED AUGUST 31, 2023 AND 2022

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



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of South Dakota and Montana  
Sioux Falls, South Dakota

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Make-A-Wish Foundation® of South Dakota and Montana (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 South Dakota and Montana 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 South Dakota and Montana 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 South Dakota and Montana'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 South Dakota and Montana'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 South Dakota and Montana'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*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
March 20, 2024

**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 259,002	\$ 528,513
Investments	10,458,806	10,163,997
Due from Related Entities	88,972	57,520
Prepaid Expenses	19,060	64,295
Contributions Receivable, Net	625,055	140,874
Other Assets	9,696	2,000
Right-of-Use Assets - Finance	4,174	-
Property and Equipment, Net	450,945	482,244
Beneficial Interest in Assets Held by Others	370,009	354,329
	\$ 12,285,719	\$ 11,793,772
<b>Total Assets</b>		
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 128,624	\$ 137,040
Due to Related Entities	37,730	77,590
Lease Liability - Financing	4,342	-
Capital Lease Obligations	-	6,611
	170,696	221,241
<b>Total Liabilities</b>		
<b>NET ASSETS</b>		
Without Donor Restrictions	9,377,508	9,360,559
With Donor Restrictions	2,737,515	2,211,972
<b>Total Net Assets</b>	12,115,023	11,572,531
<b>Total Liabilities and Net Assets</b>	\$ 12,285,719	\$ 11,793,772

See accompanying Notes to Financial Statement.

**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**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	\$ 1,492,229	\$ 500,000	\$ 1,992,229
Contributions, Donated Goods and Services	1,349,937	110,355	1,460,292
Grants	11,815	-	11,815
Total Public Support	2,853,981	610,355	3,464,336
Internal Special Events	353,784	-	353,784
Internal Special Events, Donated Goods and Services	24,436	-	24,436
Less: Costs of Direct Benefits to Donors	(103,338)	-	(103,338)
Total Internal Special Events	274,882	-	274,882
Investment Income, Net	578,793	136,559	715,352
Change in Value of Beneficial Interest in Assets			
Held by Others	19,834	-	19,834
Other Income	9,615	-	9,615
Net Assets Released from Restrictions	221,371	(221,371)	-
Total Revenues, Gains, and Other Support	3,958,476	525,543	4,484,019
<b>EXPENSES</b>			
Program Services:			
Wish Granting	3,236,903	-	3,236,903
Support Services:			
Fundraising	344,669	-	344,669
Management and General	359,955	-	359,955
Total Support Services	704,624	-	704,624
Total Expenses	3,941,527	-	3,941,527
<b>CHANGE IN NET ASSETS</b>	16,949	525,543	542,492
Net Assets - Beginning of Year	9,360,559	2,211,972	11,572,531
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 9,377,508</b>	<b>\$ 2,737,515</b>	<b>\$ 12,115,023</b>

See accompanying Notes to Financial Statement.

**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**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	\$ 1,356,244	\$ -	\$ 1,356,244
Contributions, Donated Goods and Services	2,105,839	115,149	2,220,988
Grants	52,697	-	52,697
Total Public Support	3,514,780	115,149	3,629,929
Internal Special Events	252,856	25,725	278,581
Internal Special Events, Donated Goods and Services	22,608	-	22,608
Less: Costs of Direct Benefits to Donors	(67,782)	-	(67,782)
Total Internal Special Events	207,682	25,725	233,407
Investment Loss, Net	(1,118,648)	(269,664)	(1,388,312)
Change in Value of Beneficial Interest in Assets			
Held by Others	(58,315)	-	(58,315)
Other Income	3,880	-	3,880
Net Assets Released from Restrictions	94,282	(94,282)	-
Total Revenues, Gains, and Other Support	2,643,661	(223,072)	2,420,589
<b>EXPENSES</b>			
Program Services:			
Wish Granting	3,322,420	-	3,322,420
Support Services:			
Fundraising	465,395	-	465,395
Management and General	372,806	-	372,806
Total Support Services	838,201	-	838,201
Total Expenses	4,160,621	-	4,160,621
<b>CHANGE IN NET ASSETS</b>	(1,516,960)	(223,072)	(1,740,032)
Net Assets - Beginning of Year	10,877,519	2,435,044	13,312,563
<b>NET ASSETS - END OF YEAR</b>	\$ 9,360,559	\$ 2,211,972	\$ 11,572,531

See accompanying Notes to Financial Statement.

**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**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	\$ 1,662,315	\$ -	\$ -	\$ -	\$ -	\$ 1,662,315
Salaries, Taxes, and Benefits	496,225	189,468	216,534	406,002	-	902,227
Printing, Subscriptions, and Publications	16,284	7,809	6,805	14,614	-	30,898
Professional Fees	16,145	24,770	50,973	75,743	-	91,888
Rent and Utilities	8,014	3,420	4,622	8,042	-	16,056
Postage and Delivery	8,869	1,865	1,946	3,801	-	12,670
Travel	9,390	4,879	17,869	22,748	-	32,138
Meetings and Conferences	800	1,713	10,352	12,065	-	12,865
Office Supplies	16,043	5,195	823	6,018	-	22,061
Communications	3,788	1,446	1,653	3,099	-	6,887
Advertising and Media (Cash)	3,561	1,915	2	1,917	-	5,478
Advertising and Media (In-Kind)	797,229	62,416	-	62,416	-	859,645
Repairs and Maintenance	563	170	194	364	-	927
Membership Dues	477	182	208	390	-	867
Grants and Scholarships	50,000	-	-	-	-	50,000
National Partnership Dues	120,935	27,642	24,187	51,829	-	172,764
Miscellaneous	9,357	4,998	16,336	21,334	-	30,691
Depreciation and Amortization	16,908	6,791	7,451	14,242	-	31,150
Special Event - Direct Donor Benefits	-	-	-	-	103,338	103,338
Total	<u>3,236,903</u>	<u>344,669</u>	<u>359,955</u>	<u>704,624</u>	<u>103,338</u>	<u>4,044,865</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:	-	-	-	-	(103,338)	(103,338)
Special Event Expenses	-	-	-	-	-	-
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,236,903</u>	<u>\$ 344,669</u>	<u>\$ 359,955</u>	<u>\$ 704,624</u>	<u>\$ -</u>	<u>\$ 3,941,527</u>

See accompanying Notes to Financial Statement.



**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA  
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	\$ 1,060,802	\$ -	\$ -	\$ -	\$ -	\$ 1,060,802
Salaries, Taxes, and Benefits	388,950	255,492	189,757	445,249	-	834,199
Printing, Subscriptions, and Publications	12,171	9,095	4,497	13,592	-	25,763
Professional Fees	12,216	7,270	64,005	71,275	-	83,491
Rent and Utilities	6,422	6,093	3,195	9,288	-	15,710
Postage and Delivery	3,825	820	996	1,816	-	5,641
Travel	806	1,490	6,695	8,185	-	8,991
Meetings and Conferences	594	4,665	4,436	9,101	-	9,695
Office Supplies	13,441	1,702	713	2,415	-	15,856
Communications	3,821	2,718	1,861	4,579	-	8,400
Advertising and Media (Cash)	14,125	921	-	921	-	15,046
Advertising and Media (In-Kind)	1,595,099	127,944	52,897	180,841	-	1,775,940
Repairs and Maintenance	1,554	1,304	757	2,061	-	3,615
Membership Dues	286	189	339	528	-	814
Grants and Scholarships	50,000	-	-	-	-	50,000
National Partnership Dues	131,564	23,755	27,409	51,164	-	182,728
Miscellaneous	12,802	12,752	8,458	21,210	-	34,012
Depreciation and Amortization	13,942	9,185	6,791	15,976	-	29,918
Special Event - Direct Donor Benefits	-	-	-	-	67,782	67,782
Total	<u>3,322,420</u>	<u>465,395</u>	<u>372,806</u>	<u>838,201</u>	<u>67,782</u>	<u>4,228,403</u>
Less: Expenses Netted Against Revenues on the Statement of Activities: Special Event Expenses	-	-	-	-	(67,782)	(67,782)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,322,420</u>	<u>\$ 465,395</u>	<u>\$ 372,806</u>	<u>\$ 838,201</u>	<u>\$ -</u>	<u>\$ 4,160,621</u>

See accompanying Notes to Financial Statement.

**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 542,492	\$ (1,740,032)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	31,150	29,918
Amortization of Right-of-Use Asset, Finance Lease	2,398	-
Adoption of Lease Standard	(2,387)	-
Net Realized and Unrealized (Gains) Losses on Investments	(483,376)	1,649,529
Contributed Inventory	-	2,721
Change in Operating Right-of-Use Assets and Lease Liabilities		
Changes in Assets and Liabilities:		
Contributions Receivable, Net	(484,181)	(117,874)
Due from Related Entities	(31,452)	(22,996)
Prepaid Expenses	45,235	(7,251)
Other Assets	(7,696)	2,734
Accounts Payable and Accrued Expenses	(8,416)	33,137
Due to Related Entities	(39,860)	77,084
Net Cash Used by Operating Activities	(436,093)	(93,030)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(248,107)	(643,681)
Proceeds from Sales of Investments	416,840	805,891
Purchases of Property and Equipment	(4,024)	(18,448)
Purchase of Beneficial Interest in Assets Held by Others	(3,706)	(1,753)
Loss from Sales of Property and Equipment	-	216
Disposition of Assets held at National	7,860	7,594
Net Cash Provided by Investing Activities	168,863	149,819
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease Obligations	-	(2,068)
Principal Payments on Finance Lease Obligations	(2,281)	-
Net Cash Used by Financing Activities	(2,281)	(2,068)
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(269,511)	54,721
Cash and Cash Equivalents - Beginning of Year	528,513	473,792
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 259,002	\$ 528,513
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Contributed Inventory	\$ -	\$ (2,721)

See accompanying Notes to Financial Statement.

**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of South Dakota and Montana (the Foundation) is a South Dakota 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 (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 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 year 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 right-of-use (ROU) assets – financing and lease liability – financing in the statements of financial position.

**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**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 \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases (Fiscal Year 2022) are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 40 years.

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

**Fair Value Measurements**

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

MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Fair Value Measurements (Continued)**

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

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

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

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

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

*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 SOUTH DAKOTA AND MONTANA**  
**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 \$103,338 and \$67,872 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 year ended August 31, 2023 and 2022 totaled \$89,437 and \$82,797, respectively.

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

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 are substantially met. Conditional promises outstanding for the years ended August 31, 2023 and 2022 were \$-0-.

**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**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	\$ 583,681	\$ 438,989
Contributed Office Space	-	600
Advertising and Media	859,645	1,775,940
Special Events	24,436	22,608
Other	<u>16,966</u>	<u>5,459</u>
Total Contributed Nonfinancial Assets and Services	<u>\$ 1,484,728</u>	<u>\$ 2,243,596</u>

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

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.

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

Special event donated items are donated items recorded at fair value that are used in facilitating the event. Examples of such donated items are generally food, beverage, facility costs, and auction items. The Foundation estimates the fair value of these donated items based on the current market rates for similar items in the Foundation's market.

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

**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**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 South Dakota 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 a specific programs 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 the 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 SOUTH DAKOTA AND MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

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

**Adoption of Accounting Pronouncement**

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

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

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

Lease disclosures for the year ended August 31, 2022 are made under prior lease guidance in FASB 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. The Foundation strives to maintain liquid financial assets sufficient to cover six months of general expenditures, while also maximizing the investment of current and long-term investment funds. 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	\$ 11,801,844	\$ 11,245,233
Donor-Imposed Restrictions:		
Restricted Funds	(741,078)	(271,597)
Endowments	<u>(1,996,437)</u>	<u>(1,940,375)</u>
Net Financial Assets after Donor-Imposed Restrictions	9,064,329	9,033,261
Internal Designations:		
Board-Designated Endowments	<u>(8,373,566)</u>	<u>(8,134,821)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 690,763</u>	<u>\$ 898,440</u>

Financial assets include cash and cash equivalents, investments, due from related entities, contributions receivable, and beneficial interest in assets held by others. 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 SOUTH DAKOTA AND MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)**

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Board-designated endowment of \$8,373,566 and \$8,134,821, respectively, at August 31, 2023 and 2022 is subject to an annual spending rate of 4% as described in Note 9. Although we do not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our board's annual budget approval and appropriation), these amounts could be made available if necessary.

**NOTE 4 FAIR VALUE MEASUREMENTS**

**Fair Value of Financial Instruments**

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

The fair values of the financial instruments shown in the following table as of August 31, 2023 and 2022 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

**Overall Investment Objective**

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

**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

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

**Fair Value Hierarchy**

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

	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2023</u>					
Assets					
Investments:					
Mutual Funds	\$ 9,894,740	\$ -	\$ -	\$ -	\$ 9,894,740
Equity Securities	52,641	-	-	-	52,641
Certificates of Deposit	-	88,802	-	-	88,802
Cash and Cash Equivalents	-	-	-	422,623	422,623
Total Investments	<u>9,947,381</u>	<u>88,802</u>	<u>-</u>	<u>422,623</u>	<u>10,458,806</u>
Beneficial Interest in Assets Held by:					
Others	-	-	176,536	-	176,536
National	-	-	193,473	-	193,473
Total Beneficial Interest in Assets Held	<u>-</u>	<u>-</u>	<u>370,009</u>	<u>-</u>	<u>370,009</u>
Total	<u>\$ 9,947,381</u>	<u>\$ 88,802</u>	<u>\$ 370,009</u>	<u>\$ 422,623</u>	<u>\$ 10,828,815</u>

	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2022</u>					
Assets					
Investments:					
Mutual Funds	\$ 9,931,283	\$ -	\$ -	\$ -	\$ 9,931,283
Exchange-Traded Funds	117,658	-	-	-	117,658
Certificates of Deposit	-	88,802	-	-	88,802
Cash and Cash Equivalents	-	-	-	26,254	26,254
Total Investments	<u>10,048,941</u>	<u>88,802</u>	<u>-</u>	<u>26,254</u>	<u>10,163,997</u>
Beneficial Interest in Assets Held by:					
Others	-	-	158,503	-	158,503
National	-	-	195,826	-	195,826
Total Beneficial Interest in Assets Held	<u>-</u>	<u>-</u>	<u>354,329</u>	<u>-</u>	<u>354,329</u>
Total	<u>\$ 10,048,941</u>	<u>\$ 88,802</u>	<u>\$ 354,329</u>	<u>\$ 26,254</u>	<u>\$ 10,518,326</u>

For the valuation of debt securities at August 31, 2023 and 2022, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

For the valuation of beneficial interest in assets held by others at August 31, 2023 and 2022, the Foundation used significant unobservable inputs (Level 3). Purchases, sales, transfers in and transfers out of Level 3 investments consist of the following for the years ended August 31.

	<u>2023</u>	<u>2022</u>
Purchases	\$ 3,706	\$ 1,753
Transfers Out	(7,860)	(7,594)

**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

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

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

Quantitative Information About Level 3 Fair Value Measurements			
Type of Assets	Fair Value at August 31, 2023	Principal Valuation Technique	Unobservable Inputs
Beneficial Interests in Assets Held by National	\$ 193,473	FMV of Assets	Value of Underlying Asset
Beneficial Interests in Assets Held by Others	176,536	FMV of Assets	Value of Underlying Asset
Total	<u>\$ 370,009</u>		
Type of Assets	Fair Value at August 31, 2022	Principal Valuation Technique	Unobservable Inputs
Beneficial Interests in Assets Held by National	\$ 195,826	FMV of Assets	Value of Underlying Asset
Beneficial Interests in Assets Held by Others	158,503	FMV of Assets	Value of Underlying Asset
Total	<u>\$ 354,329</u>		

**Beneficial Interests in Assets Held by Others**

As of August 31, 2023 and 2022, the Foundation had a beneficial interest in assets held by others of \$370,009 and \$354,329, respectively. This interest consists of funds contributed to the Wishes Forever Endowment Fund at the National Office and funds contributed to three separate community foundations. An endowment agreement has been signed between the chapter and National Office, as well as with each of the three separate community foundations. Distributions from the National Office and community foundations are made in accordance with the spending policies adopted by the National Office and the board of directors for each respective community foundation. The National Office and community foundations have variance power as it relates to these assets. The beneficial interest in assets held by others consists of funds contributed and the earnings thereon, net of distributions received, and is classified as net assets without donor restrictions in the statements of financial position.

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

The Foundation's contributions receivable as of August 31, 2023 and 2022 were \$625,055 and \$140,874, which are due from 10 and 1 donors, respectively. All contributions receivable are due within the next 12 months. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2023 and 2022.

**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 6 TRANSACTIONS WITH RELATED ENTITIES**

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2023 and 2022, respectively, the Foundation received \$329,765 and \$287,472 from these national revenue streams.

As part of the National Organization's Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation contributed \$50,000 during the years ended August 31, 2023 and 2022.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation of America pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$260,692 and \$273,965 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 \$5,700 and \$3,975, 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	\$ 32,758	\$ 44,859
Due from Other Chapters	56,214	12,661
Total Due from Related Entities	<u>\$ 88,972</u>	<u>\$ 57,520</u>
Due to National Organization	\$ 4,641	\$ 56,794
Due to Other Chapters	33,089	20,796
Total Due to Related Entities	<u>\$ 37,730</u>	<u>\$ 77,590</u>

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

**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

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

During the years ended August 31, 2023 and 2022, the Foundation received contributions, both cash and in-kind, from board members totaling \$37,023 and \$80,236, respectively. Amounts paid to related parties for goods and services used in the Foundation's operations totaled \$43,892 and \$51,698 for the years ended August 31, 2023 and 2022, respectively. Amounts due to related parties as of August 31, 2023 and 2022 totaled \$33,089 and \$20,796, respectively, and are included in accounts payable in the accompanying statements of financial position.

**NOTE 7 PROPERTY AND EQUIPMENT, NET**

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

	2023	2022
Land	\$ 56,500	\$ 56,500
Buildings and Building Improvements	563,348	570,503
Computer Equipment and Software	114,790	110,767
Other Equipment	11,125	11,125
Office Furniture	237,769	237,769
Total	<u>983,532</u>	<u>986,664</u>
Less: Accumulated Depreciation and Amortization	<u>(532,587)</u>	<u>(504,420)</u>
Property and Equipment, Net	<u>\$ 450,945</u>	<u>\$ 482,244</u>

Depreciation and amortization expense totaled \$31,150 and \$29,918, respectively, for the years ended August 31, 2023 and 2022.

**NOTE 8 LEASES**

**Lease Agreements - ASC 842**

The Foundation leases equipment for a copier that expires in 2025 under a long-term, noncancelable lease agreement.

**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 8 LEASES (CONTINUED)**

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

	2023
Lease Cost	
Finance Lease Cost:	
Amortization of Right-of-Use Assets	\$ 2,398
Interest on Lease Liabilities	351
Total Lease Cost	\$ 2,749
Other Information:	
Operating Cash Flows from Financing Leases	351
Financing Cash Flows from Financing Leases	2,281
Weighted-Average Remaining Leases Term - Financing Leases	1.7 years
Weighted-Average Discount Rate - Financing Leases	6.5%

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

Year Ending August 31	Finance Leases
2024	\$ 2,632
2025	1,950
Total Lease Payments	4,582
Less: Imputed Interest	(240)
Present Value of Lease Liabilities	\$ 4,342

**Lease Agreements – ASC 840**

The Foundation is obligated under various capital equipment, which expire in May 2025. As of August 31, 2022, the cost of leased property and equipment under capital leases was \$7,155 and accumulated depreciation was \$-0-. Total rent expense for all operating leases for the years ended August 31, 2022 totaled \$3,335.

**NOTE 9 ENDOWMENTS**

The Foundation is subject to the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and is required to make disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 9 ENDOWMENTS (CONTINUED)**

The Foundation's endowment consists of two individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets, both donor-restricted and board-designated, are reflected as investments on the statements of financial position.

**Interpretation of Relevant Law**

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

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

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

<u>August 31, 2023</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 1,996,437	\$ 1,996,437
Board-Designated Endowment Funds	8,373,566	-	8,373,566
Total Funds	<u>\$ 8,373,566</u>	<u>\$ 1,996,437</u>	<u>\$ 10,370,003</u>
<u>August 31, 2022</u>			
Donor-Restricted Endowment Funds	\$ -	\$ 1,940,375	\$ 1,940,375
Board-Designated Endowment Funds	8,134,821	-	8,134,821
Total Funds	<u>\$ 8,134,821</u>	<u>\$ 1,940,375</u>	<u>\$ 10,075,196</u>



**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 9 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

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

<u>August 31, 2023</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment Funds - Beginning of Year	\$ 8,134,821	\$ 1,940,375	\$ 10,075,196
Investment Return:			
Investment Income	199,912	48,195	248,107
Net Depreciation (Realized and Unrealized)	<u>375,176</u>	<u>88,364</u>	<u>463,540</u>
Total Investment Return	575,088	136,559	711,647
Appropriation of Endowment Assets for Expenditure	<u>(336,343)</u>	<u>(80,497)</u>	<u>(416,840)</u>
Endowment Funds - End of Year	<u>\$ 8,373,566</u>	<u>\$ 1,996,437</u>	<u>\$ 10,370,003</u>
<u>August 31, 2022</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment Funds - Beginning of Year	\$ 9,551,341	\$ 2,280,293	\$ 11,831,634
Investment Return:			
Investment Income	159,309	38,826	198,135
Net Appreciation (Realized and Unrealized)	<u>(1,282,725)</u>	<u>(308,490)</u>	<u>(1,591,215)</u>
Total Investment Return	(1,123,416)	(269,664)	(1,393,080)
Contributions		-	-
Appropriation of Endowment Assets for Expenditure	<u>(293,104)</u>	<u>(70,254)</u>	<u>(363,358)</u>
Endowment Funds - End of Year	<u>\$ 8,134,821</u>	<u>\$ 1,940,375</u>	<u>\$ 10,075,196</u>

**Fund Deficiencies**

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

**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 9 ENDOWMENTS (CONTINUED)**

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment fund(s) while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives**

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

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Foundation has a policy of appropriating for distribution each year any earnings over the permanently restricted amount over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 4% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**NOTE 10 NET ASSETS**

**Net Assets Without Donor Restrictions**

Board-designated net assets consist of the following at August 31:

	2023	2022
Board-Designated Endowment Funds	<u>\$ 8,373,566</u>	<u>\$ 8,134,821</u>

**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 2022**

**NOTE 10 NET ASSETS (CONTINUED)**

**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:		
Building Fund	\$ 84,723	\$ 84,723
Wish Granting	110,355	115,149
Total	195,078	199,872
Subject to Passage of Time	-	25,725
Pledged to Endowment	500,000	-
Land - Perpetually Restricted	46,000	46,000
Endowments:		
Subject to Endowment Spending Policy		
and Appropriation:		
Earnings on Endowment Funds	635,087	579,025
Original Donor-Restricted Gift Amount to be		
Maintained in Perpetuity:		
Endowment	1,361,350	1,361,350
Total	1,996,437	1,940,375
Total Donor-Restricted Net Assets	\$ 2,737,515	\$ 2,211,972

**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 year 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 3% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2023 and 2022 were \$20,614 and \$20,102, 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 \$1,135,759 and \$1,775,940 were received from two and one donors for the years ended August 31, 2023 and 2022, respectively, which represents 33% and 79% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

**MAKE-A-WISH FOUNDATION® OF SOUTH DAKOTA AND MONTANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023 AND 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 108 and 79 wishes, respectively. As of August 31, 2023 and 2022, respectively, there were approximately 142 and 141 number of wish children who are eligible for a wish. The average cost of wish for the year ended August 31, 2023 was \$8,880 in cash and \$5,755 in in-kind for a total cost of \$14,635. The average cost of a wish for the year ended August 31, 2022 was \$8,033 in cash and \$3,209 in in-kind for a total cost of \$11,242.

**NOTE 15 RISK 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, 2022. Prior to fiscal year 2020, travel wishes have been approximately 81% of wishes granted and the number of granted wishes averaged approximately 80. The number of wishes granted during the years ended August 31, 2023 and 2022 was 108 and 79, respectively.

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

**NOTE 16 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.