

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



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**MAKE-A-WISH FOUNDATION® OF COLORADO
TABLE OF CONTENTS
YEARS ENDED AUGUST 31, 2023 AND 2022**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF FUNCTIONAL EXPENSES	7
STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10



INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Colorado
Greenwood Village, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Colorado (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 Colorado 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 Colorado 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 Colorado'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 Colorado'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 Colorado's ability to continue as a going concern for a reasonable period of time.

Board of Directors
Make-A-Wish Foundation® of Colorado

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
January 29, 2024

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

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 523,210	\$ 916,716
Investments	6,111,007	5,639,873
Due from Related Entities	329,871	265,863
Prepaid Expenses	259,310	233,236
Contributions Receivable, Net	537,937	608,781
Other Assets	38,862	44,080
Split-Interest Agreements	33,033	32,588
Right-of-Use Assets - Operating	1,832,335	-
Right-of-Use Assets - Finance	50,086	-
Property and Equipment, Net	117,025	118,657
	\$ 9,832,676	\$ 7,859,794
Total Assets		
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 550,208	\$ 433,780
Due to Related Entities	189,730	100,408
Deferred Revenue	100,000	-
Capital Lease Obligations	-	39,831
Lease Liability - Operating	1,879,757	-
Lease Liability - Financing	50,981	-
	2,770,676	574,019
Total Liabilities		
NET ASSETS		
Without Donor Restrictions	6,603,930	6,647,971
With Donor Restrictions	458,070	637,804
Total Net Assets	7,062,000	7,285,775
Total Liabilities and Net Assets	\$ 9,832,676	\$ 7,859,794

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 4,817,373	\$ -	\$ 4,817,373
Contributions, Donated Goods and Services	2,187,216	368,851	2,556,067
Grants	89,971	-	89,971
Total Public Support	7,094,560	368,851	7,463,411
Internal Special Events, Cash	939,207	-	939,207
Internal Special Events, Donated Goods and Services	160,408	-	160,408
Less: Costs of Direct Benefits to Donors	(305,533)	-	(305,533)
Total Internal Special Events	794,082	-	794,082
Investment Income, Net	286,079	-	286,079
Other Income	21,225	-	21,225
Net Assets Released from Restrictions	549,030	(549,030)	-
Total Revenues, Gains, and Other Support	8,744,976	(180,179)	8,564,797
EXPENSES			
Program Services:			
Wish Granting	7,040,278	-	7,040,278
Total Program Services	7,040,278	-	7,040,278
Support Services:			
Fundraising	991,336	-	991,336
Management and General	757,403	-	757,403
Total Support Services	1,748,739	-	1,748,739
Total Expenses	8,789,017	-	8,789,017
OTHER LOSSES			
Change in Split Interest Agreements	-	445	445
CHANGE IN NET ASSETS			
	(44,041)	(179,734)	(223,775)
Net Assets - Beginning of Year	6,647,971	637,804	7,285,775
NET ASSETS - END OF YEAR	\$ 6,603,930	\$ 458,070	\$ 7,062,000

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 4,815,571	\$ 249,032	\$ 5,064,603
Contributions, Donated Goods and Services	1,190,626	276,147	1,466,773
Grants	98,892	6,000	104,892
Total Public Support	6,105,089	531,179	6,636,268
Internal Special Events, Cash	130,651	33,022	163,673
Internal Special Events, Donated Goods and Services	-	-	-
Less: Costs of Direct Benefits to Donors	(12,058)	-	(12,058)
Total Internal Special Events	118,593	33,022	151,615
Investment Loss, Net	(224,090)	-	(224,090)
Forgiveness of Paycheck Protection Program Loan	236,070	-	236,070
Other Income	15,602	-	15,602
Net Assets Released from Restrictions	191,328	(191,328)	-
Total Revenues, Gains, and Other Support	6,442,592	372,873	6,815,465
EXPENSES			
Program Services:			
Wish Granting	4,029,822	-	4,029,822
Total Program Services	4,029,822	-	4,029,822
Support Services:			
Fundraising	935,062	-	935,062
Management and General	511,283	-	511,283
Total Support Services	1,446,345	-	1,446,345
Total Expenses	5,476,167	-	5,476,167
OTHER GAINS			
Change in Split Interest Agreements	-	(12,992)	(12,992)
CHANGE IN NET ASSETS	966,425	359,881	1,326,306
Net Assets - Beginning of Year	5,681,546	277,923	5,959,469
NET ASSETS - END OF YEAR	\$ 6,647,971	\$ 637,804	\$ 7,285,775

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF COLORADO
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	\$ 5,375,635	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,375,635
Salaries, Taxes, and Benefits	1,083,539	628,452	455,086	1,083,538	-	-	2,167,077
Printing, Subscriptions, and Publications	7,703	47,445	3,858	51,303	-	-	59,006
Professional Fees	17,674	28,751	92,899	121,650	-	-	139,324
Rent and Utilities	80,678	46,372	33,580	79,952	-	-	160,630
Postage and Delivery	5,718	3,313	5,403	8,716	-	-	14,434
Travel	1,901	4,182	22,191	26,373	-	-	28,274
Meetings and Conferences	38,854	28,575	27,342	55,917	-	-	94,771
Office Supplies	43,666	3,664	2,749	6,413	-	-	50,079
Communications	9,736	6,336	4,008	10,344	-	-	20,080
Advertising and Media (Cash)	-	355	-	355	-	-	355
Advertising and Media (In-Kind)	-	62,735	-	62,735	-	-	62,735
Repairs and Maintenance	401	233	168	401	-	-	802
Insurance	769	446	323	769	-	-	1,538
Bad Debt Expense	-	4,753	-	4,753	-	-	4,753
Membership Dues	-	-	2,282	2,282	-	-	2,282
National Partnership Dues	349,972	79,994	69,994	149,988	-	-	499,960
Miscellaneous	4,786	34,543	29,437	63,980	-	-	68,766
Depreciation and Amortization	19,246	11,187	8,083	19,270	-	-	38,516
Special Event - Direct Donor Benefits	-	-	-	-	305,533	-	305,533
Total Expenses by Function	7,040,278	991,336	757,403	1,748,739	305,533	-	9,094,550
Less: Expenses Netted Against Revenues on the Statement of Activities:							
Special Event Expenses	-	-	-	-	(305,533)	-	(305,533)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 7,040,278	\$ 991,336	\$ 757,403	\$ 1,748,739	\$ -	\$ -	\$ 8,789,017

See accompanying Notes to Financial Statements.

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

	Program Services		Support Services			Total
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	
Direct Costs of Wishes	\$ 2,944,690	\$ -	\$ -	\$ -	\$ -	\$ 2,944,690
Salaries, Taxes, and Benefits	628,925	644,265	260,774	905,039	-	1,533,964
Printing, Subscriptions, and Publications	3,331	40,820	1,419	42,239	-	45,570
Professional Fees	16,940	17,353	107,780	125,133	-	142,073
Rent and Utilities	74,424	76,240	30,859	107,099	-	181,523
Postage and Delivery	2,168	2,957	2,899	5,856	-	8,024
Travel	1,029	5,880	1,846	7,726	-	8,755
Meetings and Conferences	1,063	18,648	3,456	22,104	-	23,167
Office Supplies	32,959	1,365	611	1,976	-	34,935
Communications	10,208	10,248	4,333	14,581	-	24,789
Advertising and Media (Cash)	-	6,259	-	6,259	-	6,259
Repairs and Maintenance	2,134	2,186	885	3,071	-	5,205
Bad Debt Expense	-	800	-	800	-	800
Membership Dues	-	250	219	469	-	469
National Partnership Dues	295,085	53,279	61,476	114,755	-	409,840
Miscellaneous	10,925	48,426	32,263	80,689	-	91,614
Depreciation and Amortization	5,941	6,086	2,463	8,549	-	14,490
Special Event - Direct Donor Benefits	-	-	-	-	12,058	12,058
Total Expenses by Function	4,029,822	935,062	511,283	1,446,345	12,058	5,488,225
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(12,058)	(12,058)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 4,029,822	\$ 935,062	\$ 511,283	\$ 1,446,345	\$ -	\$ 5,476,167

See accompanying Notes to Financial Statements.

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (223,775)	\$ 1,326,306
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	23,048	14,490
Amortization of Right-of-Use Asset, Finance Lease	15,468	-
Forgiveness of Paycheck Protection Program Loan	-	(236,070)
Bad Debt Expense and Other	4,753	800
Net Realized and Unrealized (Gains) Loss on Investments	(92,448)	279,732
Loss on Sale of Property and Equipment	-	3,121
Change in Value of Split-Interest Agreements	(445)	12,992
Change in Discount to Present Value of Contributions Receivable	(1,370)	(869)
Change in Operating Right-of-Use Assets and Lease Liabilities	46,965	-
(Increase) Decrease in Assets:		
Contributions Receivable	67,461	(297,836)
Due from Related Entities	(64,008)	(180,627)
Prepaid Expenses	(26,074)	19,594
Other Assets	5,218	46,027
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	116,428	169,380
Due to Related Entities	89,322	98,071
Deferred Revenue	100,000	(23,501)
Net Cash Provided by Operating Activities	60,543	1,231,610
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(6,907,308)	(1,091,449)
Proceeds from Sales of Investments	6,528,622	423,075
Purchases of Property and Equipment	(60,604)	(77,085)
Net Cash Used by Investing Activities	(439,290)	(745,459)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	-	(12,435)
Principal Payments on Finance Lease Obligations	(14,759)	-
Net Cash Used by Financing Activities	(14,759)	(12,435)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(393,506)	473,716
Cash and Cash Equivalents - Beginning of Year	916,716	443,000
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 523,210	\$ 916,716
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest Expense	\$ 1,750	\$ 5,015
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 1,959,745	\$ -
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	\$ 13,578	\$ -
Acquisition of Equipment Through a Capital Lease	\$ -	\$ 41,250

See accompanying Notes to Financial Statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Make-A-Wish Foundation® of Colorado (the Foundation) is a Colorado nonprofit corporation, organized for the purpose of creating life changing wishes for children with critical illness. 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 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 COLORADO
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 of 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 10 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. 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 COLORADO
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.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restriction when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

MAKE-A-WISH FOUNDATION® OF COLORADO
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, depending on the nature of the 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 \$305,500 and \$12,000 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 \$192,685 and \$0-, respectively.

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

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 COLORADO
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	\$ 2,438,973	\$ 1,398,753
Professional Services	-	27,368
Contributed Office Space	-	26,371
Advertising and Media	109,221	-
Special Events	160,408	-
Other	<u>7,873</u>	<u>14,281</u>
Total Contributed Nonfinancial Assets and Services	<u>\$ 2,716,475</u>	<u>\$ 1,466,773</u>

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

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

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions: Donated Goods and Services (continued)

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

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Colorado income taxes under the provisions of the 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 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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	\$ 7,502,025	\$ 7,431,233
Donor-Imposed Restrictions:		
Restricted Funds Not Available for Use in One Year	<u>(392,155)</u>	<u>(549,216)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 7,109,870</u>	<u>\$ 6,882,017</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

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

program activities, as well as the functions in support of those activities, to be general expenditures.

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

The fair values of the financial instruments shown in the following table as of August 31, 2023 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.

Investments

Overall Investment Objective

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

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:

	2023				Total
	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	
Assets					
Investments:					
Mutual Funds	\$ 1,800,073	\$ -	\$ -	\$ -	\$ 1,800,073
Exchange-Traded Funds	1,175,359	-	-	-	1,175,359
Debt Securities	-	2,444,830	-	-	2,444,830
Total	2,975,432	2,444,830	-	-	5,420,262
Cash	-	-	-	690,745	690,745
Total Investments	2,975,432	2,444,830	-	690,745	6,111,007
Split-Interest Agreements	-	-	33,033	-	33,033
Total Assets	<u>\$ 2,975,432</u>	<u>\$ 2,444,830</u>	<u>\$ 33,033</u>	<u>\$ 690,745</u>	<u>\$ 6,144,040</u>

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

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

	2022				Total
	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	
Assets					
Investments:					
Mutual Funds	\$ 1,373,656	\$ -	\$ -	\$ -	\$ 1,373,656
Exchange-Traded Funds	713,652	-	-	-	713,652
Total	<u>2,087,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,087,308</u>
Cash	-	-	-	3,552,565	\$ 3,552,565
Total Investments	<u>2,087,308</u>	<u>-</u>	<u>-</u>	<u>3,552,565</u>	<u>5,639,873</u>
Split-Interest Agreements	-	-	32,588	-	32,588
Total Assets	<u>\$ 2,087,308</u>	<u>\$ -</u>	<u>\$ 32,588</u>	<u>\$ 3,552,565</u>	<u>\$ 5,672,461</u>

Split interest agreements are valued using the fair value of the underlying investments multiplied by the Foundation's interest. There were no purchases, sales or transfers of split interest agreements during the years ended August 31, 2023 or 2022.

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at a rate of 4.20% at August 31, 2023 and 3.27% at August 31, 2022. The following is a summary of the Foundation's contributions receivable at August 31:

	2023	2022
Total Amounts Due in:		
Within One Year	\$ 506,767	\$ 555,863
One to Five Years	32,882	56,000
Gross Contributions Receivable	<u>539,649</u>	<u>611,863</u>
Less: Discount to Present Value	(1,712)	(3,082)
Contributions Receivable, Net	<u>\$ 537,937</u>	<u>\$ 608,781</u>

Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at 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 \$1,423,793 and \$1,383,928 from these national revenue streams.

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

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that National Organization pays on behalf of the Foundation and for services provided to the Foundation by the National Organization. Amounts totaling \$604,323 and \$490,330 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 \$21,225 and \$13,650, 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	\$ 221,085	\$ 167,921
Due from Other Chapters	108,786	97,942
Total Due from Related Entities	<u>\$ 329,871</u>	<u>\$ 265,863</u>
Due to National Organization	\$ 4,730	\$ 2,793
Due to Other Chapters	185,000	97,615
Total Due to Related Entities	<u>\$ 189,730</u>	<u>\$ 100,408</u>

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

During the years ended August 31, 2023 and 2022, the Foundation received contributions, both cash and in-kind, from board members totaling \$301,206 and \$136,938, respectively. At August 31, 2023 and 2022, amounts due from board members totaled \$55,882 and \$82,564, respectively, and are included in contributions receivable in the accompanying statements of financial position. Amounts paid to related parties for goods and services used in the Foundation’s operations totaled \$552,799 and \$117,193 for the years ended August 31, 2023 and 2022, respectively.

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

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2023	2022
Computer Equipment and Software	\$ 33,100	\$ 43,154
Leasehold Improvements	29,701	-
Office Furniture and Equipment	103,778	44,070
Total	166,579	87,224
Less: Accumulated Depreciation and Amortization	(49,554)	(39,085)
Construction in Progress	-	70,518
Property and Equipment, Net	\$ 117,025	\$ 118,657

Depreciation and amortization expense totaled \$38,516 and \$14,490, respectively, for the years ended August 31, 2023 and 2022.

NOTE 8 LEASES

Lease Agreements - ASC 842

The Foundation leases equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2035.

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

Lease Cost:

Finance Lease Cost:	
Amortization of Right-of-Use Assets	\$ 15,468
Interest on Lease Liabilities	1,745
Operating Lease Cost	188,964
Total Lease Cost	\$ 206,177

Other Information:

Cash Paid for Amounts Included in the Measurement of Lease Liabilities	
Operating Flows from Financing Leases	\$ 1,745
Operating Cash Flows from Operating Leases	\$ 141,541
Financing Cash Flows from Financing Leases	\$ 14,759
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities	
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 1,959,745
Weighted-Average Remaining Leases Term - Financing Leases	
	3.4 Years
Weighted-Average Remaining Lease Term - Operating Leases	
	11.8 Years
Weighted-Average Discount Rate - Financing Leases	
	3.02%
Weighted-Average Discount Rate - Operating Leases	
	3.20%

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

NOTE 8 LEASES (CONTINUED)

Lease Agreements - ASC 842 (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>Operating Leases</u>	<u>Finance Leases</u>
2024	\$ 173,063	\$ 16,504
2025	176,772	16,504
2026	180,480	11,748
2027	184,189	8,801
2028	187,897	-
Thereafter	1,365,346	-
Total Lease Payments	<u>2,267,747</u>	<u>53,557</u>
Less: Imputed Interest	<u>(387,990)</u>	<u>(2,576)</u>
Present Value of Lease Liabilities	<u><u>\$ 1,879,757</u></u>	<u><u>\$ 50,981</u></u>

Capital and Operating Lease Agreements – ASC 840

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through 2030. As of August 31, 2022, the cost of leased property and equipment under capital leases was \$41,250 and accumulated depreciation was \$2,063. Total rent expense for all operating leases for the years ended August 31, 2022 totaled \$180,916.

NOTE 9 NET ASSETS

Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 322,365	\$ 276,147
Total	<u>322,365</u>	<u>276,147</u>
Subject to Passage of Time:		
Beneficial Interests in Charitable Trusts Held by Others	33,033	32,588
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	<u>102,672</u>	<u>329,069</u>
Total	<u>135,705</u>	<u>361,657</u>
Total Donor-Restricted Net Assets	<u><u>\$ 458,070</u></u>	<u><u>\$ 637,804</u></u>

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

NOTE 10 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 5% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2023 and 2022 were \$65,962 and \$44,317, respectively.

NOTE 11 CONCENTRATIONS OF CREDIT RISK

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

NOTE 12 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 13 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 393 and 239 wishes, respectively. As of August 31, 2023 and 2022, respectively, there were approximately 408 and 453 wish children, respectively, who are eligible for a wish. The average cost of a wish for the year ended August 31, 2023 was \$7,644 in cash and \$6,102 in in-kind for a total cost of \$13,746. The average cost of a wish for the year ended August 31, 2022 was \$7,098 in cash and \$3,512 in in-kind for a total cost of \$10,610.

NOTE 14 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.

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

NOTE 14 RISKS AND UNCERTAINTIES (CONTINUED)

As of September 15, 2021, in consultation with the NMAC, the pause on domestic travel to large gatherings was lifted, if travel occurred by automobile. The pause on airline travel was lifted December 1, 2021 with a graduated approach with full domestic travel resuming June of 2022. International and cruise wish travel is still paused as of August 31, 2023. Prior to fiscal year 2020, travel wishes have been approximately 83% of wishes granted and the number of granted wishes averaged approximately 278. The number of wishes granted during the years ended August 31, 2023 and 2022 was 393 and 239, respectively.

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

NOTE 15 PAYCHECK PROTECTION PROGRAM

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for a loan of \$236,070. The loan was received on March 9, 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 \$236,070 on January 5, 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.

NOTE 16 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 29, 2024, the date at which the financial statements were available to be issued.



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