

**MAKE-A-WISH FOUNDATION® OF
SOUTHERN FLORIDA**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

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**MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
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YEARS ENDED AUGUST 31, 2023 AND 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Southern Florida
Fort Lauderdale, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Southern Florida (a nonprofit organization), which comprise the statements of financial position as of August 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of Southern Florida 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 Southern Florida 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 Southern Florida'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 Southern Florida'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 Southern Florida'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

Lakeland, Florida
April 15, 2024

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

| | 2023 | 2022 |
|--|---------------|---------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 9,555,385 | \$ 13,756,448 |
| Investments | 18,533,224 | 12,558,714 |
| Due from Related Entities | 1,295,655 | 708,179 |
| Prepaid Expenses | 544,523 | 315,707 |
| Contributions Receivable, Net | 5,855,252 | 6,852,948 |
| Other Assets | 69,520 | 47,846 |
| Restricted Cash | 638,479 | 4,700,269 |
| Investments Held for Long-Term Purposes | 4,059,537 | 3,884,537 |
| Right-of-Use Assets - Operating | 313,379 | - |
| Property and Equipment, Net | 26,447,317 | 12,112,119 |
| Beneficial Interest in Assets Held by Others | 715,466 | 701,895 |
| | \$ 68,027,737 | \$ 55,638,662 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts Payable and Accrued Expenses | \$ 2,747,226 | \$ 1,627,805 |
| Due to Related Entities | 250,725 | 101,811 |
| Other Liabilities | 75,000 | 485,414 |
| Deferred Rent | - | 43,719 |
| Lease Liability - Operating | 305,840 | - |
| Notes Payable | 3,805,284 | - |
| Total Liabilities | 7,184,075 | 2,258,749 |
| NET ASSETS | | |
| Without Donor Restrictions | 37,083,697 | 32,543,170 |
| With Donor Restrictions | 23,759,965 | 20,836,743 |
| Total Net Assets | 60,843,662 | 53,379,913 |
| Total Liabilities and Net Assets | \$ 68,027,737 | \$ 55,638,662 |

See accompanying Notes to Financial Statements.

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

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------|
| REVENUES, GAINS, AND OTHER SUPPORT | | | |
| Public Support: | | | |
| Contributions, Cash | \$ 4,461,305 | \$ 3,213,538 | \$ 7,674,843 |
| Contributions, Donated Goods and Services | 2,573,941 | 229,474 | 2,803,415 |
| Grants | 1,324,370 | 1,215 | 1,325,585 |
| Total Public Support | 8,359,616 | 3,444,227 | 11,803,843 |
| Internal Special Events, Cash | 10,517,662 | 73 | 10,517,735 |
| Internal Special Events, Donated Goods and Services | 969,122 | - | 969,122 |
| Less: Costs of Direct Benefits to Donors | (3,752,587) | - | (3,752,587) |
| Total Internal Special Events | 7,734,197 | 73 | 7,734,270 |
| Investment Income, Net | 1,354,110 | 17,476 | 1,371,586 |
| Other Income | 72,050 | - | 72,050 |
| Net Assets Released from Restrictions | 538,554 | (538,554) | - |
| Total Revenues, Gains, and Other Support | 18,058,527 | 2,923,222 | 20,981,749 |
| EXPENSES | | | |
| Program Services: | | | |
| Wish Granting | 9,470,503 | - | 9,470,503 |
| Total Program Services | 9,470,503 | - | 9,470,503 |
| Support Services: | | | |
| Fundraising | 2,617,872 | - | 2,617,872 |
| Management and General | 1,254,014 | - | 1,254,014 |
| Total Support Services | 3,871,886 | - | 3,871,886 |
| Total Expenses | 13,342,389 | - | 13,342,389 |
| NONOPERATING ACTIVITY | | | |
| Loss on Return of Contribution | (175,611) | - | (175,611) |
| Total Nonoperating Activity | (175,611) | - | (175,611) |
| CHANGE IN NET ASSETS | 4,540,527 | 2,923,222 | 7,463,749 |
| Net Assets - Beginning of Year | 32,543,170 | 20,836,743 | 53,379,913 |
| NET ASSETS - END OF YEAR | \$ 37,083,697 | \$ 23,759,965 | \$ 60,843,662 |

See accompanying Notes to Financial Statements.

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

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------|
| REVENUES, GAINS, AND OTHER SUPPORT | | | |
| Public Support: | | | |
| Contributions, Cash | \$ 8,879,480 | \$ 375,328 | \$ 9,254,808 |
| Contributions, Donated Goods and Services | 1,303,145 | 162,204 | 1,465,349 |
| Grants | 1,166,702 | (748) | 1,165,954 |
| Total Public Support | 11,349,327 | 536,784 | 11,886,111 |
| Internal Special Events, Cash | 7,860,970 | (337) | 7,860,633 |
| Internal Special Events, Donated Goods and Services | 735,957 | - | 735,957 |
| Less: Costs of Direct Benefits to Donors | (3,172,504) | - | (3,172,504) |
| Total Internal Special Events | 5,424,423 | (337) | 5,424,086 |
| Investment Income, Net | (1,675,375) | (168,367) | (1,843,742) |
| Other Income | 77,941 | - | 77,941 |
| Net Assets Released from Restrictions | 433,064 | (433,064) | - |
| Total Revenues, Gains, and Other Support | 15,609,380 | (64,984) | 15,544,396 |
| EXPENSES | | | |
| Program Services: | | | |
| Wish Granting | 5,816,994 | - | 5,816,994 |
| Total Program Services | 5,816,994 | - | 5,816,994 |
| Support Services: | | | |
| Fundraising | 2,283,921 | - | 2,283,921 |
| Management and General | 1,625,208 | - | 1,625,208 |
| Total Support Services | 3,909,129 | - | 3,909,129 |
| Total Expenses | 9,726,123 | - | 9,726,123 |
| NONOPERATING ACTIVITY | | | |
| Contributions | - | 579,757 | 579,757 |
| Bad Debt Expense | - | (50,939) | (50,939) |
| Gain on Sale of Property | 1,544,114 | - | 1,544,114 |
| Total Nonoperating Activity | 1,544,114 | 528,818 | 2,072,932 |
| CHANGE IN NET ASSETS | 7,427,371 | 463,834 | 7,891,205 |
| Net Assets - Beginning of Year | 25,115,799 | 20,372,909 | 45,488,708 |
| NET ASSETS - END OF YEAR | \$ 32,543,170 | \$ 20,836,743 | \$ 53,379,913 |

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
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 | \$ 6,335,453 | \$ - | \$ - | \$ - | \$ - | \$ 6,335,453 |
| Salaries, Taxes, and Benefits | 1,526,342 | 1,587,453 | 855,701 | 2,443,154 | - | 3,969,496 |
| Printing, Subscriptions, and Publications | 30,493 | 15,093 | 1,866 | 16,959 | - | 47,452 |
| Professional Fees | 68,322 | 268,403 | 13,231 | 281,634 | - | 349,956 |
| Rent and Utilities | 119,076 | 149,909 | 53,736 | 203,645 | - | 322,721 |
| Postage and Delivery | 5,406 | 16,479 | 3,179 | 19,658 | - | 25,064 |
| Travel | 30,223 | 51,183 | 12,511 | 63,694 | - | 93,917 |
| Meetings and Conferences | 31,750 | 141,266 | 12,663 | 153,929 | - | 185,679 |
| Office Supplies | 62,801 | 61,843 | 11,374 | 73,217 | - | 136,018 |
| Communications | 13,566 | 18,624 | 5,541 | 24,165 | - | 37,731 |
| Advertising and Media (Cash) | 2,390 | 1,505 | 152 | 1,657 | - | 4,047 |
| Repairs and Maintenance | 6,610 | 16,330 | 4,271 | 20,601 | - | 27,211 |
| Insurance | 2,392 | 2,451 | 992 | 3,443 | - | 5,835 |
| Bad Debt Recovery | - | - | (6,125) | (6,125) | - | (6,125) |
| Membership Dues | 4,795 | 10,050 | 1,146 | 11,196 | - | 15,991 |
| Grants and Scholarships | 100,000 | - | - | - | - | 100,000 |
| National Partnership Dues | 1,113,030 | 200,964 | 231,881 | 432,845 | - | 1,545,875 |
| Miscellaneous | 8,894 | 66,674 | 48,193 | 114,867 | - | 123,761 |
| Depreciation and Amortization | 8,960 | 9,645 | 3,702 | 13,347 | - | 22,307 |
| Special Event - Direct Donor Benefits | - | - | - | - | 3,752,587 | 3,752,587 |
| Total Expenses by Function | 9,470,503 | 2,617,872 | 1,254,014 | 3,871,886 | 3,752,587 | 17,094,976 |
| Less Expenses Netted Against Revenues on the Statement of Activities: | | | | | | |
| Special Event Expenses | - | - | - | - | (3,752,587) | (3,752,587) |
| Total Expenses Included in the Expense Section of the Statement of Activities | <u>\$ 9,470,503</u> | <u>\$ 2,617,872</u> | <u>\$ 1,254,014</u> | <u>\$ 3,871,886</u> | <u>\$ -</u> | <u>\$ 13,342,389</u> |

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
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 | \$ 3,434,451 | \$ - | \$ - | \$ - | \$ - | \$ 3,434,451 |
| Salaries, Taxes, and Benefits | 1,203,961 | 1,541,708 | 805,020 | 2,346,728 | - | 3,550,689 |
| Printing, Subscriptions, and Publications | 15,648 | 38,134 | 161 | 38,295 | - | 53,943 |
| Professional Fees | 36,987 | 81,669 | 420,811 | 502,480 | - | 539,467 |
| Rent and Utilities | 127,855 | 166,208 | 57,447 | 223,655 | - | 351,510 |
| Postage and Delivery | 4,642 | 17,246 | 1,604 | 18,850 | - | 23,492 |
| Travel | 7,882 | 39,080 | 4,938 | 44,018 | - | 51,900 |
| Meetings and Conferences | 13,656 | 128,185 | 1,778 | 129,963 | - | 143,619 |
| Office Supplies | 42,677 | 37,867 | 5,523 | 43,390 | - | 86,067 |
| Communications | 13,161 | 20,823 | 5,767 | 26,590 | - | 39,751 |
| Advertising and Media (Cash) | 661 | 3,096 | - | 3,096 | - | 3,757 |
| Repairs and Maintenance | 14,400 | 23,940 | 7,672 | 31,612 | - | 46,012 |
| Insurance | 2,392 | 2,451 | 1,584 | 4,035 | - | 6,427 |
| Bad Debt Recovery | - | - | (173) | (173) | - | (173) |
| Membership Dues | 3,818 | 6,603 | 1,291 | 7,894 | - | 11,712 |
| National Partnership Dues | 784,431 | 141,633 | 163,423 | 305,056 | - | 1,089,487 |
| Miscellaneous | 3,760 | 29,412 | 91,449 | 120,861 | - | 124,621 |
| Interest Expense | - | - | 55,180 | 55,180 | - | 55,180 |
| Depreciation and Amortization | 6,612 | 5,866 | 1,733 | 7,599 | - | 14,211 |
| Special Event - Direct Donor Benefits | - | - | - | - | 3,172,504 | 3,172,504 |
| Total Expenses by Function | <u>5,816,994</u> | <u>2,283,921</u> | <u>1,625,208</u> | <u>3,909,129</u> | <u>3,172,504</u> | <u>12,898,627</u> |
| Less Expenses Netted Against Revenues on the Statement of Activities: | | | | | | |
| Special Event Expenses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,172,504)</u> | <u>(3,172,504)</u> |
| Total Expenses Included in the Expense Section of the Statement of Activities | <u>\$ 5,816,994</u> | <u>\$ 2,283,921</u> | <u>\$ 1,625,208</u> | <u>\$ 3,909,129</u> | <u>\$ -</u> | <u>\$ 9,726,123</u> |

See accompanying Notes to Financial Statements.

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

| | 2023 | 2022 |
|---|---------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 7,463,749 | \$ 7,891,205 |
| Adjustments to Reconcile Change in Net Assets to Net Cash | | |
| Provided by Operating Activities: | | |
| Depreciation and Amortization | 22,307 | 14,211 |
| Bad Debt Expense (Recovery) | (6,125) | 50,766 |
| Contributions Restricted for Long-Term Investment and Capital Campaign | (2,359,470) | (1,276,474) |
| Contributions Restricted for Property and Equipment | - | - |
| Net Realized and Unrealized (Gains) Losses on Investments | (681,489) | 2,689,075 |
| Gain on Sale of Property | - | (1,544,114) |
| Contributed Property and Equipment, Inventory and Investments | (199,146) | (286,442) |
| Change in Operating Right-of-Use Assets and Lease Liabilities | (7,539) | - |
| (Increase) Decrease in Assets: | | |
| Contributions Receivable | (875,958) | 771,144 |
| Due from Related Entities | (587,476) | (443,598) |
| Prepaid Expenses | (228,816) | (54,061) |
| Other Assets | (21,674) | 41,995 |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable and Accrued Expenses | 1,119,421 | 963,293 |
| Due to Related Entities | 148,914 | 101,303 |
| Other Liabilities | (410,414) | 276,564 |
| Deferred Rent | (43,719) | (19,731) |
| Net Cash Provided by Operating Activities | 3,332,565 | 9,175,136 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of Investments | (11,183,944) | (6,311,745) |
| Proceeds from Sales of Investments | 5,870,760 | 5,214,147 |
| Purchases of Property and Equipment | (14,326,767) | (6,353,021) |
| Proceeds from Sale of Property | - | 5,150,000 |
| Net Cash Used by Investing Activities | (19,639,951) | (2,300,619) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Contributions Restricted for Long-Term Investment and Capital Campaign | 4,239,249 | 3,464,931 |
| Principal Payments on Notes Payable | (1,308,400) | (4,000,000) |
| Proceeds from Notes Payable | 5,113,684 | - |
| Net Cash Provided (Used) by Financing Activities | 8,044,533 | (535,069) |
| NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH | (8,262,853) | 6,339,448 |
| Cash, Cash Equivalents, and Restricted Cash - Beginning of Year | 18,456,717 | 12,117,269 |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR | \$ 10,193,864 | \$ 18,456,717 |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION | | |
| Cash Paid for Interest Expense | \$ 58,269 | \$ 55,180 |
| Contributed Property and Equipment, Inventory and Investments | \$ 199,146 | \$ 286,442 |
| Acquisition of Property and Equipment Through a Note Payable | \$ 5,113,684 | \$ - |
| Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities | \$ 322,134 | \$ - |

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Measure of Operations

In the statement of activities, the Foundation includes in its definition of operations all resources and expenses that are an integral part of its program and supporting activities. Nonoperating activity consists of contributions that are restricted by donors for the construction of capital assets and related bad debt.

Cash, Cash Equivalents, and Restricted Cash

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Restricted cash represents monies that are donor-restricted to be used for the construction of the Foundation's headquarters.

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 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 SOUTHERN FLORIDA
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 the 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 statement of financial position.

ROU assets represent the Foundations 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 \$750 and a useful life of three or more years 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 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 three to five 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 SOUTHERN FLORIDA
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 the measurement date.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowments.

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.

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 the Foundation personnel rather than a third-party support group or organization. It is designed to attract people for the purpose of raising missing 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 \$3,752,587 and \$3,172,504 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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 \$1,033,588 and \$941,068, respectively.

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discounts is recorded as additional contributions revenue.

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

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributions: Donated Goods and Services

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

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Wish Related Travel, Goods, And Services | \$ 2,597,066 | \$ 1,027,351 |
| Professional Services | 175,611 | 151,556 |
| Special Events | 969,122 | 735,957 |
| Property and Equipment | 30,738 | 286,442 |
| | <u>3,772,537</u> | <u>2,201,306</u> |
| Total Contributed Nonfinancial Assets and Services | <u>\$ 3,772,537</u> | <u>\$ 2,201,306</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, such as legal fees, used for support services and are valued and reported at the estimated fair value based on current rates for similar services.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Special event donated items are donated items recorded at fair value that are used in the 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.

Property and equipment in-kind amounts include donated legal and architectural services related to the construction of the Foundation's headquarters.

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

Cash Flows

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the totals of the same such amounts shown in the statements of cash flows:

| | <u>2023</u> | <u>2022</u> |
|---------------------------|----------------------|----------------------|
| Cash and Cash Equivalents | \$ 9,555,385 | \$ 13,756,448 |
| Restricted Cash | 638,479 | 4,700,269 |
| Total | <u>\$ 10,193,864</u> | <u>\$ 18,456,717</u> |

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Florida income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 12-A of the Florida statutes, Chapter 212. 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 state of Florida jurisdiction.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Nonoperating Activity

The Foundation accounts for contributions for the capital campaign for the future headquarters as a nonoperating activity on the statement of activities.

Deferred Rent (ASC 840)

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$43,719 at August 31, 2022.

Management Estimates

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

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
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 objectives 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 financial package provided to the board and through the enterprise-wide Benchmarks of Excellence. Holding 6 months to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| Total Financial Assets | \$ 40,652,998 | \$ 43,162,990 |
| Donor-Imposed Restrictions: | | |
| Restricted Funds | (14,343,172) | (16,952,205) |
| Endowments | <u>(4,059,537)</u> | <u>(3,884,537)</u> |
| Net Financial Assets after Donor-Imposed Restrictions | 22,250,289 | 22,326,248 |
| Internal Designations: | | |
| Board-Designated Endowments | <u>(884,255)</u> | <u>(888,645)</u> |
| Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year | <u>\$ 21,366,034</u> | <u>\$ 21,437,603</u> |

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

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

Financial assets include cash and cash equivalents, investments, due from related entities, contributions receivable, restricted cash, investments held for long-term purposes, 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.

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board. 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.

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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.

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

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

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments

Allocation of Investment Strategies

In addition to traditional stocks and fixed income securities, the Foundation may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged and private equity strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly. Private equity funds employ buy-out and venture capital strategies and focus on investments in turn-around situations. Private equity strategies often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Foundation's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA
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:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-------------------------------|----------------------|---------------------|---------------------|----------------------|
| <u>August 31, 2023</u> | | | | |
| Assets | | | | |
| Investments: | | | | |
| Equity Securities | \$ 13,123,888 | \$ - | \$ - | \$ 13,123,888 |
| Debt Securities | 1,232,059 | 2,518,544 | - | 3,750,603 |
| Hedge Funds | 1,599,783 | - | - | 1,599,783 |
| Private Equity | - | - | 466,141 | 466,141 |
| Tangible Assets | 3,296,393 | - | - | 3,296,393 |
| Real Estate Investment Trust | - | - | 355,953 | 355,953 |
| Total Investments | <u>19,252,123</u> | <u>2,518,544</u> | <u>822,094</u> | <u>22,592,761</u> |
| Beneficial Interest in Trusts | <u>-</u> | <u>-</u> | <u>715,466</u> | <u>715,466</u> |
| Total Assets | <u>\$ 19,252,123</u> | <u>\$ 2,518,544</u> | <u>\$ 1,537,560</u> | <u>\$ 23,308,227</u> |
| | | | | |
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| <u>August 31, 2022</u> | | | | |
| Assets | | | | |
| Investments: | | | | |
| Equity Securities | \$ 8,981,412 | \$ - | \$ - | \$ 8,981,412 |
| Debt Securities | 1,122,602 | 1,844,246 | - | 2,966,848 |
| Hedge Funds | 2,471,600 | - | - | 2,471,600 |
| Private Equity | - | - | 508,879 | 508,879 |
| Tangible Assets | 1,153,957 | - | - | 1,153,957 |
| Real Estate Investment Trust | - | - | 360,555 | 360,555 |
| Total Investments | <u>13,729,571</u> | <u>1,844,246</u> | <u>869,434</u> | <u>16,443,251</u> |
| Beneficial Interest in Trusts | <u>-</u> | <u>-</u> | <u>701,895</u> | <u>701,895</u> |
| Total Assets | <u>\$ 13,729,571</u> | <u>\$ 1,844,246</u> | <u>\$ 1,571,329</u> | <u>\$ 17,145,146</u> |

For the valuation of equity and 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).

The Foundation has investments in private equity funds that were valued at a combined total of \$466,141 and \$508,879 at August 31, 2023 and 2022, respectively. The original commitments by the Foundation to these private equity funds totaled \$1,100,000 on a combined basis. As of August 31, 2023 and 2022, the Foundation has an unfunded commitment of \$803,000 and \$168,000, respectively. There is no option to redeem or liquidate the interest in these funds.

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

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

The Foundation has a beneficial interest in perpetual trusts as described in Note 5. There were no transfers between investment levels during the years ended August 31, 2023 and 2022.

Purchases of Level 3 investments consist of the following for the years ended August 31:

| | | |
|-----------|-------------------|------------------|
| | <u>2023</u> | <u>2022</u> |
| Purchases | <u>\$ 101,987</u> | <u>\$ 30,000</u> |

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

| Type of Assets | Fair Value at August 31, 2023 | Principal Valuation Technique | Unobservable Inputs |
|--|-------------------------------------|-------------------------------------|-------------------------------|
| Investments | \$ 466,141 | Net Asset Value | Value of Underlying Assets |
| Beneficial Interests in Trusts Held by Others | 715,466 | Net Asset Value | Value of Underlying Assets |
| Real Estate Investment Trust | 355,953 | Net Asset Value | Value of Underlying Assets |
| Total | <u>\$ 1,537,560</u> | | |

| Type of Assets | Fair Value at August 31, 2022 | Principal Valuation Technique | Unobservable Inputs |
|--|-------------------------------------|-------------------------------------|-------------------------------|
| Investments | \$ 508,879 | Net Asset Value | Value of Underlying Assets |
| Beneficial Interests in Trusts Held by Others | 701,895 | Net Asset Value | Value of Underlying Assets |
| Real Estate Investment Trust | 360,555 | Net Asset Value | Value of Underlying Assets |
| Total | <u>\$ 1,571,329</u> | | |

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

NOTE 5 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Foundation is a named income beneficiary on various perpetual trusts, the corpus of which is not controlled by management of the Foundation. Under these agreements, the Foundation has the irrevocable right to receive all or a portion of the income earned on the underlying assets held in perpetuity. Accordingly, donor restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation receives notice that the trust agreement conveys an unconditional right to receive benefits.

Subsequent changes in value of the underlying assets have been recorded in the accompanying statement of activities as a component of net assets with restrictions and realized and unrealized gains and losses on investments.

The Foundation's beneficial interest in the trust is \$715,466 and \$701,895 as of August 31, 2023 and 2022, respectively. The Foundation used significant unobservable inputs including information from owner-to-owner transactions and the Foundation's own assumptions (Level 3) to determine fair value.

NOTE 6 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from 4.19% to 4.54% at August 31, 2023 and 3.15% to 3.53% at August 31, 2022. The following is a summary of the Foundation's contributions receivable at August 31:

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------|----------------------------|----------------------------|
| Total Amounts Due in: | | |
| Within One Year | \$ 1,669,042 | \$ 2,874,391 |
| One to Five Years | 3,143,179 | 2,439,640 |
| More than Five Years | <u>2,175,768</u> | <u>2,810,513</u> |
| Gross Contributions Receivable | 6,987,989 | 8,124,544 |
| Less: Allowance for Doubtful Accounts | (17,712) | (39,166) |
| Less: Discount to Present Value | <u>(1,115,025)</u> | <u>(1,232,430)</u> |
| Contributions Receivable, Net | <u><u>\$ 5,855,252</u></u> | <u><u>\$ 6,852,948</u></u> |

NOTE 7 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 \$1,885,444 and \$3,090,409 from these national revenue streams.

As part of the National Organization's Wish Fulfillment Fund, chapters may receive funds to assist other chapters in fulfilling wishes. The Foundation received \$312,000 and \$114,000 during the years ended August 31, 2023 and 2022, respectively, for this purpose.

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

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Conversely, the Foundation pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$1,850,593 and \$1,213,533 were paid by 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 \$72,050 and \$70,175, respectively, during 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:

| Update | 2023 | 2022 |
|---------------------------------|--------------|------------|
| Due from National Organization | \$ 426,267 | 256,410 |
| Due from Other Chapters | 869,388 | 451,769 |
| Total Due from Related Entities | \$ 1,295,655 | \$ 708,179 |
| Due to National Organization | \$ 999 | \$ 52,548 |
| Due to Other Chapters | 249,726 | 49,263 |
| Total Due to Related Entities | \$ 250,725 | \$ 101,811 |

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 \$1,125,000 and \$1,177,500, respectively. At August 31, 2023 and 2022, amounts due from board members totaled \$6,229,771 and \$7,056,554, respectively, primarily for pledged contributions in connection with the Foundation’s endowment and capital campaign and are included in contributions receivable in the accompanying statements of financial position.

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

NOTE 8 PROPERTY AND EQUIPMENT, NET

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

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Land | \$ 4,407,194 | \$ 4,407,194 |
| Buildings and Building Improvements | 1,455 | - |
| Computer Equipment and Software | 208,987 | 194,200 |
| Office Furniture | 114,164 | 114,164 |
| Total | <u>4,731,800</u> | <u>4,715,558</u> |
| Less: Accumulated Depreciation and Amortization | (280,865) | (258,558) |
| Construction in Progress | 21,996,382 | 7,655,119 |
| Property and Equipment, Net | <u>\$ 26,447,317</u> | <u>\$ 12,112,119</u> |

Depreciation and amortization expense totaled \$22,307 and \$14,211, respectively, for the years ended August 31, 2023 and 2022.

Construction in progress includes funds spent to date on the construction of the Foundation's headquarters.

NOTE 9 NOTES PAYABLE

The Foundation has a line of credit with a financial institution totaling \$1,000,000 secured by investments, bearing interest at the London Interbank Offered Rate (LIBOR) plus 2.15% and expiring on September 1, 2021. Effective September 1, 2021, the line of credit was renewed for two additional years and interest rate provisions were revised to Bloomberg Short-Term Bank Yield (BSBY) plus 2.15%. There was no outstanding balance on this line of credit as of August 31, 2023 or 2022.

In June 2022, the Foundation entered into a \$18,000,000 construction line of credit secured by investment property, bearing interest at the bank's default rate related to the construction of their headquarters. The outstanding balance for the years ended 2023 and 2022 totaled \$3,805,284 and \$0-, respectively.

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

NOTE 10 LEASES

The Foundation is obligated under various operating leases for offices and equipment under long-term, noncancelable lease agreements. The leases expire at various dates through February 2027.

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

| | |
|----------------------|-------------------|
| Lease Cost: | |
| Operating Lease Cost | \$ 341,761 |
| Total Lease Cost | <u>\$ 341,761</u> |

| | |
|--|------------|
| Other Information: | |
| Cash Paid for Amounts Included in the Measurement of Lease Liabilities | |
| Operating Cash Flows from Operating Leases | \$ 322,134 |
| Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities | 620,584 |
| Weighted Average Remaining Lease Term - Operating Leases | 2.7 Years |
| Weighted-Average Discount Rate - Operating Leases | 1.91% |

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

| | |
|------------------------------------|-------------------------|
| <u>Year Ending August 31,</u> | <u>Operating Leases</u> |
| 2024 | \$ 113,131 |
| 2025 | 110,098 |
| 2026 | 78,161 |
| 2027 | <u>12,600</u> |
| Total Lease Payments | 313,990 |
| Less: Imputed Interest | <u>(8,836)</u> |
| Present Value of Lease Liabilities | <u>\$ 305,154</u> |

Lease Agreements – ASC 840

The Foundation is obligated under various operating leases for offices and equipment through April 2026. Total rent expense for all operating leases for the years ended August 31, 2022 totaled \$321,809.

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

NOTE 11 NET ASSETS

Net Assets Without Donor Restrictions

As of August 31, 2023 and 2022, the governing board has designated \$884,255 and 829,000, respectively, from net assets without donor restrictions, as unrestricted board designated net assets for the construction of their wish house.

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: | | |
| General Purpose | \$ 53,830 | \$ 49,925 |
| Capital Campaign Pledges to be Received in Future Years | 5,100,052 | 5,929,632 |
| Capital Campaign Restricted Cash | 638,479 | 3,869,873 |
| Construction in Process | <u>12,498,173</u> | <u>5,501,497</u> |
| Total | 18,290,534 | 15,350,927 |
| Subject to Passage of Time: | | |
| General Time Restrictions | <u>623,778</u> | <u>665,700</u> |
| Total | 623,778 | 665,700 |
| Endowments: | | |
| Original Donor-Restricted Gift Amount to be Maintained in Perpetuity: Investments in Perpetuity, the Income from which is Expendable to Support any Activities of the Foundation | 4,059,537 | 3,884,537 |
| Beneficial Interest in Assets Held by Others | 715,466 | 701,895 |
| Endowment Contributions Receivable | <u>70,650</u> | <u>233,684</u> |
| Total | <u>4,845,653</u> | <u>4,820,116</u> |
| Total Donor-Restricted Net Assets | <u>\$ 23,759,965</u> | <u>\$ 20,836,743</u> |

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

NOTE 12 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.

The Foundation's endowment consists of 26 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. Donor restricted endowment assets are reflected as investments held for long-term purposes on the statements of financial position.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Florida 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

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NOTE 12 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

| <u>August 31, 2023</u> | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|----------------------------------|---------------------------------------|------------------------------------|---------------------|
| Donor-Restricted Endowment Funds | \$ - | \$ 4,059,537 | \$ 4,059,537 |
| Board-Designated Endowment Funds | 884,255 | - | 884,255 |
| Total Funds | <u>\$ 884,255</u> | <u>\$ 4,059,537</u> | <u>\$ 4,943,792</u> |
| <u>August 31, 2022</u> | | | |
| Donor-Restricted Endowment Funds | \$ - | \$ 3,884,537 | \$ 3,884,537 |
| Board-Designated Endowment Funds | 888,645 | - | 888,645 |
| Total Funds | <u>\$ 888,645</u> | <u>\$ 3,884,537</u> | <u>\$ 4,773,182</u> |

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

| <u>August 31, 2023</u> | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------|
| Endowment Funds - Beginning of Year | \$ 888,645 | \$ 3,884,537 | \$ 4,773,182 |
| Investment Return: | | | |
| Investment Income | 15,610 | 121,006 | 136,616 |
| Total Investment Return | 15,610 | 121,006 | 136,616 |
| Contributions | - | 175,000 | 175,000 |
| Appropriation of Endowment Asset for Expenditure | (20,000) | (121,006) | (141,006) |
| Endowment Funds - End of Year | <u>\$ 884,255</u> | <u>\$ 4,059,537</u> | <u>\$ 4,943,792</u> |
| <u>August 31, 2022</u> | | | |
| Endowment Funds - Beginning of Year | \$ 963,889 | \$ 3,621,248 | \$ 4,585,137 |
| Investment Return: | | | |
| Investment Income | (55,244) | 318,182 | 262,938 |
| Total Investment Return | (55,244) | 318,182 | 262,938 |
| Contributions | - | 288,289 | 288,289 |
| Appropriation of Endowment Asset for Expenditure | (20,000) | (343,182) | (363,182) |
| Endowment Funds - End of Year | <u>\$ 888,645</u> | <u>\$ 3,884,537</u> | <u>\$ 4,773,182</u> |

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NOTE 12 ENDOWMENTS (CONTINUED)

Fund Deficiencies

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

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment fund(s) while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity 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 8.25% 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 spending all earnings on donor restricted endowments. All amounts were considered appropriated based on this policy. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity for a specified term as well as to provide additional real growth through new gifts and investment returns.

NOTE 13 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 Internal Revenue Code (IRC) limitations. The Foundation matches employee contributions up to 4% of the employee's salary and incorporates a five-year graded vesting schedule. Foundation contributions to the Plan for the year ended August 31, 2023 and 2022 were \$94,121 and \$88,016, respectively.

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NOTE 14 CONCENTRATIONS OF CREDIT RISK

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

For the year ended August 31, 2023, there were no concentrations of revenue. Contributions totaling \$3,141,720 were received from one donor for the year ended August 31, 2022, which represents 15% of raised revenue which consists of total public support, gross internal special event revenue and nonoperating contributions. For the year ended August 31, 2023, contributions totaling \$1,100,000 were made to the capital campaign and a one-time estate gift. These contributions did not affect ongoing operations. For the year ended August 31, 2022, contributions totaling \$1,175,000 were made to the capital campaign.

NOTE 15 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 16 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal year ended August 31, 2023 and 2022, the Foundation granted 495 and 351 wishes, respectively. As of August 31 2023 and 2022, respectively, there were approximately 633 and 701 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2023 was \$9,820 in cash and \$2,776 in in-kind for a total cost of \$12,596. The average cost of a wish for the year ended August 31, 2022 was \$8,516 in cash and \$2,590 in in-kind for a total cost of \$11,106.

In March 2019, the Foundation entered into a contract for construction of a headquarters to be located on land they were purchasing in Miami, Florida. The original contracted price of approximately \$15,901,261, is due in installments as certain milestones are met. At August 31, 2023 approximately \$3,737,474 remains unbilled on the contract. The projected completion date for the contract is spring of 2025.

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NOTE 17 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 the Foundation's 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 78% of wishes granted and the number of granted wishes averaged approximately 523. The number of wishes granted during the years ended August 31, 2023 and 2022 was 495 and 351, respectively.

The Foundation continues to evaluate all expenses and fundraising efforts in light of the impact of COVID-19. National efforts are underway to return to wish granting and fundraising efforts when it is deemed medically safe.

NOTE 18 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through April 15, 2024 the date at which the financial statements were available to be issued.



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