

**MAKE-A-WISH FOUNDATION® OF
EASTERN NORTH CAROLINA**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022



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**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA
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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 Eastern North Carolina
Raleigh, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Eastern North Carolina (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 Eastern North Carolina 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 Eastern North Carolina 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 Eastern North Carolina'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 Eastern North Carolina'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 Eastern North Carolina'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
May 13, 2024

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

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 724,898	\$ 1,079,453
Investments	467,443	441,171
Due from Related Entities	125,088	84,077
Prepaid Expenses	59,557	97,239
Contributions Receivable, Net	231,120	145,750
Other Assets	35,261	29,946
Right-of-Use Assets - Operating	187,755	-
Right-of-Use Assets - Finance	12,258	-
Property and Equipment, Net	8,381	8,300
	\$ 1,851,761	\$ 1,885,936
Total Assets		
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 98,114	\$ 152,118
Due to Related Entities	33,602	143,464
Deferred Rent	-	25,921
Lease Liability - Operating	206,968	-
Lease Liability - Financing	12,853	-
Capital Lease Obligation	-	324
Total Liabilities	351,537	321,827
NET ASSETS		
Without Donor Restrictions	1,339,731	1,411,868
With Donor Restrictions	160,493	152,241
Total Net Assets	1,500,224	1,564,109
Total Liabilities and Net Assets	\$ 1,851,761	\$ 1,885,936

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 1,721,430	\$ -	\$ 1,721,430
Contributions, Donated Goods and Services	784,914	154,002	938,916
Grants	671,578	-	671,578
Total Public Support	3,177,922	154,002	3,331,924
Internal Special Events, Cash	814,449	-	814,449
Internal Special Events, Donated Goods and Services	7,957	-	7,957
Less Costs of Direct Benefits to Donors	(154,575)	-	(154,575)
Total Internal Special Events	667,831	-	667,831
Investment Income, Net	17,920	-	17,920
Other Income	2,300	-	2,300
Net Assets Released from Restrictions	145,750	(145,750)	-
Total Revenues, Gains, and Other Support	4,011,723	8,252	4,019,975
 EXPENSES			
Program Services:			
Wish Granting	3,167,409	-	3,167,409
Total Program Services	3,167,409	-	3,167,409
Support Services:			
Fundraising	497,888	-	497,888
Management and General	418,563	-	418,563
Total Support Services	916,451	-	916,451
Total Expenses	4,083,860	-	4,083,860
CHANGE IN NET ASSETS	(72,137)	8,252	(63,885)
Net Assets - Beginning of Year	1,411,868	152,241	1,564,109
NET ASSETS - END OF YEAR	\$ 1,339,731	\$ 160,493	\$ 1,500,224

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Cash	\$ 1,774,486	\$ -	\$ 1,774,486
Contributions, Donated Goods and Services	598,718	145,750	744,468
Grants	115,013	-	115,013
Total Public Support	2,488,217	145,750	2,633,967
Internal Special Events, Cash	991,162	-	991,162
Internal Special Events, Donated Goods and Services	5,165	-	5,165
Less Costs of Direct Benefits to Donors	(199,536)	-	(199,536)
Total Internal Special Events	796,791	-	796,791
Investment Income, Net	691	-	691
Other Income	3,150	-	3,150
Net Assets Released from Restrictions	184,955	(184,955)	-
Total Revenues, Gains, and Other Support	3,473,804	(39,205)	3,434,599
EXPENSES			
Program Services:			
Wish Granting	2,227,336	-	2,227,336
Total Program Services	2,227,336	-	2,227,336
Support Services:			
Fundraising	541,977	-	541,977
Management and General	451,064	-	451,064
Total Support Services	993,041	-	993,041
Total Expenses	3,220,377	-	3,220,377
CHANGE IN NET ASSETS	253,427	(39,205)	214,222
Net Assets - Beginning of Year	1,158,441	191,446	1,349,887
NET ASSETS - END OF YEAR	\$ 1,411,868	\$ 152,241	\$ 1,564,109

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2023

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 1,947,562	\$ -	\$ -	\$ -	\$ -	\$ 1,947,562
Salaries, Taxes, and Benefits	535,791	316,818	227,406	544,224	-	1,080,015
Printing, Subscriptions, and Publications	97	3,454	6,425	9,879	-	9,976
Professional Fees	-	4,226	85,747	89,973	-	89,973
Rent and Utilities	50,174	30,423	22,102	52,525	-	102,699
Postage and Delivery	998	1,274	223	1,497	-	2,495
Travel	3,885	14,775	9,812	24,587	-	28,472
Meetings and Conferences	35	35,291	4,768	40,059	-	40,094
Office Supplies	5,139	9,174	710	9,884	-	15,023
Communications	4,748	2,707	1,947	4,654	-	9,402
Advertising and Media (Cash)	-	9,145	-	9,145	-	9,145
Repairs and Maintenance	536	316	978	1,294	-	1,830
Membership Dues	-	400	-	400	-	400
Grants and Scholarships	420,000	-	-	-	-	420,000
National Partnership Dues	186,934	42,728	37,387	80,115	-	267,049
Miscellaneous	8,177	25,192	19,650	44,842	-	53,019
Depreciation and Amortization	3,333	1,965	1,408	3,373	-	6,706
Special Event - Direct Donor Benefits	-	-	-	-	154,575	154,575
Total Expenses by Function	<u>3,167,409</u>	<u>497,888</u>	<u>418,563</u>	<u>916,451</u>	<u>154,575</u>	<u>4,238,435</u>
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(154,575)</u>	<u>(154,575)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,167,409</u>	<u>\$ 497,888</u>	<u>\$ 418,563</u>	<u>\$ 916,451</u>	<u>\$ -</u>	<u>\$ 4,083,860</u>

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 1,553,852	\$ -	\$ -	\$ -	\$ -	\$ 1,553,852
Salaries, Taxes, and Benefits	476,552	371,161	299,046	670,207	-	1,146,759
Printing, Subscriptions, and Publications	77	6,597	3,675	10,272	-	10,349
Professional Fees	-	8,904	71,082	79,986	-	79,986
Rent and Utilities	42,525	33,120	26,590	59,710	-	102,235
Postage and Delivery	788	450	981	1,431	-	2,219
Travel	7,693	9,455	3,576	13,031	-	20,724
Meetings and Conferences	103	24,397	1,665	26,062	-	26,165
Office Supplies	2,974	1,548	793	2,341	-	5,315
Communications	3,685	2,785	2,155	4,940	-	8,625
Advertising and Media (Cash)	-	6,606	-	6,606	-	6,606
Repairs and Maintenance	182	142	114	256	-	438
Membership Dues	-	335	375	710	-	710
National Partnership Dues	132,862	23,989	27,680	51,669	-	184,531
Miscellaneous	3,140	50,227	11,518	61,745	-	64,885
Depreciation and Amortization	2,903	2,261	1,814	4,075	-	6,978
Special Event - Direct Donor Benefits	-	-	-	-	199,536	199,536
Total Expenses by Function	<u>2,227,336</u>	<u>541,977</u>	<u>451,064</u>	<u>993,041</u>	<u>199,536</u>	<u>3,419,913</u>
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(199,536)</u>	<u>(199,536)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,227,336</u>	<u>\$ 541,977</u>	<u>\$ 451,064</u>	<u>\$ 993,041</u>	<u>\$ -</u>	<u>\$ 3,220,377</u>

See accompanying Notes to Financial Statements.

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (63,885)	\$ 214,222
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	4,042	6,978
Amortization of Right-of-Use Asset, Finance Lease	2,664	-
Net Realized and Unrealized (Gains) Losses on Investments	(1,351)	634
Change in Operating Right-of-Use Assets and Lease Liabilities	19,213	-
(Increase) Decrease in Assets:		
Contributions Receivable	(85,370)	(110,795)
Due from Related Entities	(41,011)	129,242
Prepaid Expenses	37,682	(77,337)
Other Assets	(5,315)	12,535
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(54,004)	113,422
Due to Related Entities	(109,862)	137,345
Deferred Rent	(25,921)	(5,564)
Net Cash Provided (Used) by Operating Activities	(323,118)	420,682
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(33,208)	(10,429)
Proceeds from Sales of Investments	8,287	4,536
Purchases of Property and Equipment	(4,123)	(5,664)
Net Cash Used by Investing Activities	(29,044)	(11,557)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	-	(3,740)
Principal Payments on Finance Lease Obligations	(2,393)	-
Net Cash Provided (Used) by Financing Activities	(2,393)	(3,740)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(354,555)	405,385
Cash and Cash Equivalents - Beginning of Year	1,079,453	674,068
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 724,898	\$ 1,079,453
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest Expense	\$ 564	\$ 166
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 276,533	\$ -
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	\$ 15,446	\$ -

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Cash and Cash Equivalents

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

Investments

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

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

Contributions Receivable

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

Revenue Recognition

Revenue is recognized on the accrual basis and generally consists of contributions, special event revenue, in-kinds and other income.

An internal special event is a fundraising event coordinated and staffed by Foundation personnel rather than a third-party support group or organization. It is designed to attract people for the purpose of raising mission awareness, for increasing funding from existing donors, and the cultivation of future donors.

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was approximately \$154,600 and \$199,500 for the years ended August 31, 2023 and 2022, respectively. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met which is the occurrence of the event.

The Foundation receives auction items to be sold at its special events. Contributed auction items are valued at the gross selling price received and the value is included in internal special event revenue on the statement of activities. The amount of auction items received and sold during the years ended August 31, 2023 and 2022 totaled \$217,969 and \$211,040, 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 EASTERN NORTH CAROLINA
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:

	2023	2022
Wish Related Travel, Goods, and Services	\$ 929,534	\$ 740,013
Professional Services	-	1,975
Special Events	7,957	4,775
Other	9,382	2,870
Total Contributed Nonfinancial Assets and Services	\$ 946,873	\$ 749,633

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.

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

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

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and North Carolina income or franchise taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Chapter 55A of the General Statutes of North Carolina. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2023 and 2022. The Foundation files income tax returns in the U.S. federal jurisdiction, and applicable state jurisdictions.

MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA
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 a specific programs or fundraising activities, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

Expenses that benefit more than one function of the Foundation are allocated among the functions based generally on the amount of time spent by employees on each function.

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 \$25,921, at August 31, 2022.

Management Estimates

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

Adoption of Accounting Pronouncement

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of 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.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Pronouncement (Continued)

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.

	2023	2022
Total Financial Assets	\$ 1,548,549	\$ 1,750,451
Donor-Imposed Restrictions:		
Restricted Funds	(160,493)	(152,241)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,388,056	\$ 1,598,210

Financial Assets include cash and cash equivalents, investments, due from related entities, and contributions receivable. For purposes of analyzing resources available to meet general expenditures over one year, the Foundation considers all expenditures related to its ongoing program activities, as well as the functions in support of those activities, to be general expenditures.

As part of the Foundation's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds.

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.

MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA
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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value of Financial Instruments (Continued)

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

Overall Investment Objective

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

Fair Value Hierarchy

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

	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2023</u>					
Assets					
Investments:					
Mutual Funds	\$ 444,579	\$ -	\$ -	\$ -	\$ 444,579
Cash	22,864	-	-	-	22,864
Total Assets	<u>\$ 467,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467,443</u>
				Assets Not Held at Fair Value	Total
<u>August 31, 2022</u>					
Assets					
Investments:					
Mutual Funds	\$ 426,623	\$ -	\$ -	\$ -	\$ 426,623
Cash	14,548	-	-	-	14,548
Total Assets	<u>\$ 441,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 441,171</u>

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NOTE 5 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2023 and 2022 were \$231,120 and \$145,750 respectively, which are due from 2 and 1 donors, respectively. All contributions receivable are due within the next twelve months. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2023 and 2022.

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 \$1,101,705 and \$690,005 from these national revenue streams.

As part of the National Organization's Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation received \$420,000 and \$21,193 during the years ended August 31, 2023 and 2022, respectively.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$779,493 and \$271,492 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 \$2,300 and \$3,150, 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:

	2023	2022
Due from National Organization	\$ 108,010	\$ 70,004
Due from Other Chapters	17,078	14,073
Total Due from Related Entities	\$ 125,088	\$ 84,077
Due to National Organization	\$ 4,555	\$ 54,616
Due to Other Chapters	29,047	88,848
Total Due to Related Entities	\$ 33,602	\$ 143,464

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NOTE 6 TRANSACTIONS WITH REALTED ENTITIES (CONTINUED)

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

During the years ended August 31, 2023 and 2022 the Foundation received contributions, both cash and in-kind, from board members totaling \$47,598 and \$115,893, respectively. There were no amounts due from board members as of August 31, 2023 and 2022. Amounts paid to related parties for goods and services used in the Foundation’s operations totaled \$109,943 and \$103,524 for the years ended August 31, 2023 and 2022, respectively. Amounts due to related parties as of August 31, 2023 and 2022 totaled \$1,250 and \$1,200, respectively, and are included in accounts payable in the accompanying statements of financial position.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2023	2022
Computer Equipment and Software	\$ 70,014	\$ 65,560
Office Furniture and Equipment	28,423	44,864
Leasehold Improvements	8,762	8,762
Total	107,199	119,186
Less: Accumulated Depreciation and Amortization	(98,818)	(110,886)
Property and Equipment, Net	\$ 8,381	\$ 8,300

Depreciation and amortization expense totaled \$6,706 and \$6,978, 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 2028.

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NOTE 8 LEASES (CONTINUED)

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

Lease Agreements - ASC 842 (Continued)

	2023
Lease cost:	
Finance Lease Cost:	
Amortization of right-of-use assets	\$ 2,664
Interest on Lease Liabilities	463
Operating Lease Cost	97,341
Total Lease Cost	\$ 100,468
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities	
Operating Cash Flows from Financing Leases	463
Operating Cash Flows from Operating Leases	104,050
Financing Cash Flows from Financing Leases	2,458
Right-of-use Assets Obtained in Exchange for New Financing Lease Liabilities	15,446
Right-of-use Assets Obtained in Exchange for New Operating Lease Liabilities	276,533
Weighted-Average Remaining Leases Term - Financing Leases	4.2
Weighted-Average Remaining Lease Term - Operating Leases	2.0
Weighted-Average Discount Rate - Financing Leases	3.78%
Weighted-Average Discount Rate - Operating Leases	3.43%

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

Year Ending August 31	Operating Leases	Finance Leases
2024	\$ 105,367	\$ 3,343
2025	108,528	3,343
2026	-	3,343
2027	-	3,343
2028	-	502
Total Lease Payments	213,895	13,874
Less: Imputed Interest	(6,927)	(1,021)
Present Value of Lease Liabilities	\$ 206,968	\$ 12,853

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NOTE 8 LEASES (CONTINUED)

Lease Agreements – ASC 840

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through December 31, 2024. As of August 31, 2022, the cost of leased property and equipment under capital leases was \$16,440 and accumulated depreciation was \$16,167. Total rent expense for all operating leases for the years ended August 31, 2022 totaled \$102,223.

NOTE 9 NET ASSETS

Net Assets With Donor Restrictions

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

	2023	2022
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 160,493	\$ 152,241
Total Donor-Restricted Net Assets	\$ 160,493	\$ 152,241

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 three months 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 limitations. The Foundation matches employee contributions up to 3% of the employee’s salary. Foundation contributions to the Plan for the year ended August 31, 2023 and 2022 were \$18,892 and \$21,149, 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 FDIC insurance coverage limit of \$250,000. From time to time throughout the year, the Foundation’s cash balances may exceed the amount of the FDIC insurance coverage.

Contributions totaling \$602,040 were received from a single donor, for the year ended August 31, 2023, which represents 15% of raised revenue which consists of total public support and gross internal special event revenue. Should these contribution levels decrease, the Foundation may be adversely affected. There were no such concentrations in 2022.

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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 years ending August 31, 2023 and 2022, the Foundation granted 180 and 170 wishes, respectively. As of August 31, 2023 and 2022, respectively, there were approximately 447 and 497 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2023 was \$5,801 in cash and \$4,899 in in-kind for a total cost of \$10,700. The average cost of a wish for the year ended August 31, 2022 was \$4,937 in cash and \$3,002 in in-kind for a total cost of \$7,939.

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.

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 191. The number of wishes granted during the years ended August 31, 2023 and 2022 was 180 and 170, respectively.

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

NOTE 15 PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved for a \$170,600 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was received on May 1, 2020. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement.

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NOTE 15 PAYCHECK PROTECTION PROGRAM (CONTINUED)

The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation received forgiveness of \$170,600 on December 1, 2020. Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for an additional \$170,969 loan. The loan was received on February 16, 2021. The loan accrues interest at 1%, with the first ten 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 \$170,969 on July 1, 2021.

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 EMPLOYEE RETENTION CREDIT

During the year ended August 31, 2023, the Foundation applied for and recorded an Employee Retention Credit (ERC) of \$158,653, part of federal COVID-19 relief for employers, on eligible employee wages for calendar year 2021. This credit is included in Grants as a government grant, which is recognized when all conditions of such grants are fulfilled or there is reasonable assurance they will be fulfilled.

Eligibility and conditions for the ERC program may be audited by the Internal Revenue Service. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; management is of the opinion that any audit will not have a material adverse impact on the Foundation's financial position.

NOTE 17 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through May 13, 2024, the date at which the financial statements were available to be issued.



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