

Make-A-Wish Foundation International

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

August 31, 2023 and 2022

Make-A-Wish Foundation International

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10

Independent Auditor's Report

To the Board of Directors
Make-A-Wish Foundation International

Opinion

We have audited the financial statements of Make-A-Wish Foundation International, which comprise the statement of financial position as of August 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Make-A-Wish Foundation International as of August 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Make-A-Wish Foundation International and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of Make-A-Wish Foundation International for the year ended August 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on April 6, 2023.

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 International's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 International'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 International'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 audits.

CohnReznick LLP

Los Angeles, California
April 2, 2024

Make-A-Wish Foundation International

**Statements of Financial Position
August 31, 2023 and 2022**

Assets

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,659,920	\$ 2,859,779
Investments	2,373,179	614,929
Receivables, other	113,060	23,167
Contributions receivable, net	13,501	188,950
Due from affiliates	626,657	819,066
Prepaid expenses	189,786	135,004
Equipment, net of accumulated depreciation	55,758	71,458
Operating right-of-use assets	<u>42,417</u>	<u>-</u>
 Total assets	 <u>\$ 5,074,278</u>	 <u>\$ 4,712,353</u>

Liabilities and Net Assets

Liabilities		
Accounts payable and accrued expenses	\$ 530,735	\$ 455,195
Due to affiliates	1,172,719	761,785
Deferred affiliate member dues	633,008	604,084
Operating lease liabilities	42,417	-
Notes payable	<u>-</u>	<u>74,712</u>
 Total liabilities	 <u>2,378,879</u>	 <u>1,895,776</u>
 Commitments and contingencies		
Net assets		
Without donor restrictions	2,597,739	2,655,899
With donor restrictions	<u>97,660</u>	<u>160,678</u>
 Total net assets	 <u>2,695,399</u>	 <u>2,816,577</u>
 Total liabilities and net assets	 <u>\$ 5,074,278</u>	 <u>\$ 4,712,353</u>

See Notes to Financial Statements.

Make-A-Wish Foundation International

**Statement of Activities
Year Ended August 31, 2023**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues and support			
Contributions and grants, gross	\$ 3,706,740	\$ 1,469,257	\$ 5,175,997
Contributions, donated goods and services	6,097,160	-	6,097,160
Affiliate member dues	1,870,102	-	1,870,102
Investment income	62,059	-	62,059
Other revenue	63,671	-	63,671
Loan forgiveness	74,712	-	74,712
Gross revenue	<u>11,874,444</u>	<u>1,469,257</u>	<u>13,343,701</u>
Less: Designated funds to affiliates	(1,852,553)	(1,325,620)	(3,178,173)
Net assets released from restrictions	<u>206,655</u>	<u>(206,655)</u>	<u>-</u>
 Total revenues and support	 <u>10,228,546</u>	 <u>(63,018)</u>	 <u>10,165,528</u>
Expenses			
Program expenses	7,841,949	-	7,841,949
Supporting services			
Management and general	1,401,930	-	1,401,930
Fundraising	1,042,827	-	1,042,827
Total expenses	<u>10,286,706</u>	<u>-</u>	<u>10,286,706</u>
Change in net assets	(58,160)	(63,018)	(121,178)
Net assets, beginning	<u>2,655,899</u>	<u>160,678</u>	<u>2,816,577</u>
Net assets, end	<u>\$ 2,597,739</u>	<u>\$ 97,660</u>	<u>\$ 2,695,399</u>

See Notes to Financial Statements.

Make-A-Wish Foundation International

**Statement of Activities
Year Ended August 31, 2022**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues and support			
Contributions and grants, gross	\$ 3,669,045	\$ 530,000	\$ 4,199,045
Contributions, donated goods and services	1,536,263	-	1,536,263
Affiliate member dues	1,698,238	-	1,698,238
Investment loss	(102,977)	-	(102,977)
Other revenue	60,918	-	60,918
Loan forgiveness	130,418	-	130,418
Gross revenue	<u>6,991,905</u>	<u>530,000</u>	<u>7,521,905</u>
Less: Designated funds to affiliates	(2,340,947)	-	(2,340,947)
Net assets released from restrictions	<u>1,129,236</u>	<u>(1,129,236)</u>	<u>-</u>
 Total revenues and support	 <u>5,780,194</u>	 <u>(599,236)</u>	 <u>5,180,958</u>
Expenses			
Program expenses	3,251,833	-	3,251,833
Supporting services			
Management and general	1,231,637	-	1,231,637
Fundraising	864,255	-	864,255
Total expenses	<u>5,347,725</u>	<u>-</u>	<u>5,347,725</u>
Change in net assets	432,469	(599,236)	(166,767)
Net assets, beginning	<u>2,223,430</u>	<u>759,914</u>	<u>2,983,344</u>
Net assets, end	<u>\$ 2,655,899</u>	<u>\$ 160,678</u>	<u>\$ 2,816,577</u>

See Notes to Financial Statements.

Make-A-Wish Foundation International

**Statement of Functional Expenses
Year Ended August 31, 2023**

	Program services	Supporting services		Total
		Management and general	Fundraising	
Personnel costs				
Salaries	\$ 633,155	\$ 784,687	\$ 366,378	\$ 1,784,220
Employee benefits and related payroll	305,379	406,387	207,405	919,171
Total personnel costs	<u>938,534</u>	<u>1,191,074</u>	<u>573,783</u>	<u>2,703,391</u>
Dues and subscriptions	229,556	6,773	79,040	315,369
Insurance - general	4,326	4,911	2,455	11,692
Miscellaneous	12,268	17,633	8,817	38,718
Postage and delivery	333	108	2,781	3,222
Printing and duplication	686	635	317	1,638
Professional fees	376,450	81,737	251,391	709,578
Distributions to affiliates	9,244,035	-	-	9,244,035
Rent	20,179	22,906	11,453	54,538
Supplies	-	175	34,179	34,354
Telephone	1,617	1,721	1,111	4,449
Training	102,261	1,988	11,383	115,632
Travel	76,637	57,240	58,602	192,479
Depreciation	13,240	15,029	7,515	35,784
Total	11,020,122	1,401,930	1,042,827	13,464,879
Less: Designated funds to affiliates	<u>(3,178,173)</u>	<u>-</u>	<u>-</u>	<u>(3,178,173)</u>
Total functional expenses	<u>\$ 7,841,949</u>	<u>\$ 1,401,930</u>	<u>\$ 1,042,827</u>	<u>\$ 10,286,706</u>

See Notes to Financial Statements.

Make-A-Wish Foundation International

**Statement of Functional Expenses
Year Ended August 31, 2022**

	Program services	Supporting services		Total
		Management and general	Fundraising	
Personnel costs				
Salaries	\$ 499,673	\$ 677,042	\$ 277,358	\$ 1,454,073
Employee benefits and related payroll	180,192	332,519	146,976	659,687
Total personnel costs	<u>679,865</u>	<u>1,009,561</u>	<u>424,334</u>	<u>2,113,760</u>
Dues and subscriptions	179,487	2,311	31,440	213,238
Insurance - general	2,714	3,166	1,659	7,539
Miscellaneous	50,986	59,485	31,158	141,629
Postage and delivery	186	78	569	833
Printing and duplication	75	73	198	346
Professional fees	491,618	66,782	296,932	855,332
Distributions to affiliates	4,012,067	-	-	4,012,067
Rent	18,428	21,499	11,262	51,189
Supplies	3,106	3,874	4,982	11,962
Telephone	1,688	1,970	1,065	4,723
Training	72,424	822	8,938	82,184
Travel	52,608	29,901	34,895	117,404
Depreciation	<u>27,528</u>	<u>32,115</u>	<u>16,823</u>	<u>76,466</u>
Total	5,592,780	1,231,637	864,255	7,688,672
Less: Designated funds to affiliates	<u>(2,340,947)</u>	<u>-</u>	<u>-</u>	<u>(2,340,947)</u>
Total functional expenses	<u>\$ 3,251,833</u>	<u>\$ 1,231,637</u>	<u>\$ 864,255</u>	<u>\$ 5,347,725</u>

See Notes to Financial Statements.

Make-A-Wish Foundation International

**Statements of Cash Flows
Years Ended August 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ (121,178)	\$ (166,767)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	35,784	76,466
Amortization of the operating right-of-use asset	45,662	-
Loan forgiveness	(74,712)	(130,418)
Realized and unrealized (gains) losses on investments	(24,998)	145,279
Changes in operating assets and liabilities		
Receivables, other	(89,893)	6,722
Contributions receivable, net	175,449	224,180
Due from affiliates	192,409	(173,808)
Prepaid expenses	(54,782)	(28,159)
Accounts payable and accrued expenses	75,540	92,159
Due to affiliates	410,934	156,591
Deferred affiliate member dues	28,924	114,016
Operating lease liabilities	<u>(45,662)</u>	<u>-</u>
Net cash provided by operating activities	<u>553,477</u>	<u>316,261</u>
Cash flows from investing activities		
Proceeds from sales of investments	908,455	-
Purchases of investments	(2,641,707)	(36,994)
Purchases of property and equipment	<u>(20,084)</u>	<u>(16,046)</u>
Net cash used in investing activities	<u>(1,753,336)</u>	<u>(53,040)</u>
Net increase (decrease) in cash and cash equivalents	(1,199,859)	263,221
Cash and cash equivalents, beginning	<u>2,859,779</u>	<u>2,596,558</u>
Cash and cash equivalents, end	<u>\$ 1,659,920</u>	<u>\$ 2,859,779</u>
Supplemental disclosure of noncash investing and financing activities		
Right-of-use assets obtained in exchange for lease liabilities	<u>\$ 88,079</u>	<u>\$ -</u>

See Notes to Financial Statements.

Make-A-Wish Foundation International

Notes to Financial Statements August 31, 2023 and 2022

Note 1 - Business and summary of significant accounting policies

Business

Make-A-Wish Foundation International (the "Foundation") is a nonprofit organization with 40 chartered international affiliates. The Foundation is organized and operated exclusively for the charitable purpose of increasing the opportunity of children of the world, with a life-threatening medical condition, to realize their wishes.

Reporting entity

The accompanying financial statements include only the accounts and transactions of the Foundation. The international affiliates are separate entities with separate boards of directors, and as such, are responsible for, and maintain custody of, and generate their own financial resources. Accordingly, the accounts and transactions of the international affiliates are not included in these financial statements.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Financial statement presentation

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions, which are described as follows:

Net Assets without Donor Restrictions - Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets may be designated for specific purposes by action of the Board of Directors.

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, purpose, or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature whereby the donor stipulates that resources be maintained in perpetuity. 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.

Cash and cash equivalents

Cash and cash equivalents include demand deposits and all highly-liquid investments with initial maturities at the date of acquisition of three months or less that are available for current use. Cash and cash equivalents may include cash on hand or held by financial institutions.

Investments

Investments are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Interest and dividend income is reported net of investment expense, which is included in investment income (loss), net, in the statements of activities.

Make-A-Wish Foundation International

Notes to Financial Statements August 31, 2023 and 2022

Contributions receivable

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates at the time of the unconditional promise to give. Amortization of the discount is included in contribution support. Management provides for probable uncollectible amounts through a charge to operations and an increase to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction of the receivables.

Equipment

Equipment is stated at cost if purchased or fair value on the date of donation net of accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which generally range from three to seven years. Expenditures for major renewals and improvements that extend the useful lives of equipment are capitalized. Minor repairs and maintenance costs are charged to expense in the year incurred. The Foundation maintains a capitalization policy for expenditures in excess of \$500.

Long-lived assets

Long-lived assets to be held and used are reviewed for events or changes in circumstances that indicate that their carrying value may not be recoverable. The Foundation periodically reviews the carrying value of long-lived assets to determine whether or not impairment to such value has occurred. No impairments were recorded during the years ended August 31, 2023 and 2022.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. Contributions with a donor-imposed time restriction or purpose restriction which limit the use of the donated assets are reported as contributions with donor restrictions if the restrictions are not met in the same reporting period. When such donor-imposed restrictions are met in subsequent reporting periods, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions of assets which donors have stipulated must be maintained perpetually, with only the income earned thereon available for current use, are classified as contributions with donor restrictions perpetual. Contributions for which donors have not stipulated restrictions, as well as contributions for which donors have stipulated restrictions but which are met within the same reporting period, are reported as net assets without donor restrictions.

Unconditional promises to give, with payments due in future periods, are reported as support with donor restrictions when the promises are received. Gifts of land, buildings and equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulation, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Foundation does not have discretion or variance power over contributions designated to specific affiliates by the donor. As such, these contributions are not the Foundation's revenue or expense under GAAP. These contributions have been deducted from the Foundation's contributions and

Make-A-Wish Foundation International

Notes to Financial Statements August 31, 2023 and 2022

grants in the accompanying statements of activities and program expenses on the accompanying statements of functional expenses to arrive at a net contribution and expense amount.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. As of August 31, 2023 and 2022, the Foundation had \$200,000 and \$350,000 of conditional contributions, respectively, in which the conditions have not been met, and therefore have not been recorded as revenues.

Affiliate member dues

As of August 31, 2023 and 2022, the Foundation has 40 affiliates, that pay annual affiliate member dues for the nonexclusive right and sublicensee to use the trademarks and service marks for use in performance of the charitable purpose. The Foundation's obligations to the affiliates include distributions from contributions and grants, events and campaigns as necessary. Affiliate member dues revenues are recognized over time as the year progresses. Dues are based off of the annual revenue of the affiliate. Affiliate member dues are paid annually by each affiliate and are deferred and recognized over the period to which the dues relate.

Donated assets and services

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.

Advertising

Advertising costs are expensed as incurred.

Functional allocation of expenses

Expenses are directly allocated to the various programs and support services when possible and indirectly allocated based on staff time spent in that area and the best estimates of management.

Fair value measurements

The Foundation values its financial assets and liabilities based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described as follows:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Make-A-Wish Foundation International

Notes to Financial Statements August 31, 2023 and 2022

Income taxes

The Foundation is a nonprofit charitable organization which qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code ("IRC") and is a publicly supported organization as described in Section 509(a) of the IRC.

The Foundation has no unrecognized tax benefits at both August 31, 2023 and 2022. The Foundation's federal income tax returns prior to the 2020 fiscal year are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. Management has analyzed the tax positions taken by the Foundation and has concluded that, as of August 31, 2023 and 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

If applicable, the Foundation recognizes interest and penalties associated with tax matters as part of income tax expense and includes accrued interest and penalties with accrued expenses in the statements of financial position.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make 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.

Reclassifications

Certain reclassifications of 2022 amounts have been made to conform with the 2023 presentation.

New accounting pronouncement

The Foundation adopted Accounting Standards Update 2016-02 (as amended), *Leases* ("Topic 842") on September 1, 2022. Topic 842 requires lessees to recognize a right-of-use asset and a corresponding lease liability for virtually all leases. The Foundation elected and applied the following transition practical expedients when initially adopting Topic 842:

- To apply the provisions of Topic 842 at the adoption date, instead of applying them to the earliest comparative period presented in the financial statements.
- The package of practical expedients permitting the Foundation to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

The Foundation made the following adjustments as of September 1, 2022, the adoption date, in connection with transitioning Topic 842:

Operating lease right-of-use assets	\$	88,079
Operating lease liabilities	\$	88,079

The adoption of Topic 842 did not have a material impact on the Foundation's change in net assets for the year ended August 31, 2023.

The Foundation has elected and applies the practical expedient to combine non-lease components with their related lease components and account for them as a single combined lease component.

Make-A-Wish Foundation International

Notes to Financial Statements August 31, 2023 and 2022

Subsequent events

The Foundation has evaluated the impact of subsequent events through April 2, 2024, which is the date the financial statements were available to be issued.

Note 2 - Liquidity and availability

The Foundation regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and investments.

At August 31, 2023 and 2022, the Foundation had the following financial assets and liquidity resources available over the next 12 months:

	2023	2022
Cash and cash equivalents	\$ 1,659,920	\$ 2,859,779
Investments	2,373,179	614,929
Receivables, other	113,060	23,167
Contributions receivable, net	13,501	188,950
Due from affiliates	626,657	819,066
	4,786,317	4,505,891
Less: Net assets with donor restrictions	(97,660)	(160,678)
Less: Designated funds receivable	-	(100,000)
	<u>\$ 4,688,657</u>	<u>\$ 4,245,213</u>

Note 3 - Concentration of credit risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk include cash deposits and money market funds at a financial institution. The Foundation maintains its cash and cash equivalents with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits.

The Foundation's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Foundation's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

Concentrations of credit risk with respect to receivables are limited due to the large number of donors and generally short payment terms. In addition, management closely monitors these balances while maintaining allowances for potential losses.

For the years ended August 31, 2023 and 2022, approximately 31% and 27%, respectively, of the Foundation's contributions were gifted by one donor.

Make-A-Wish Foundation International

Notes to Financial Statements August 31, 2023 and 2022

The Foundation received 75% and 79% of its in-kind contributions from one donor during the years ended August 31, 2023 and 2022, respectively.

Note 4 - Investments

Investments are stated at fair value and are summarized as follows at August 31:

	2023	2022
Mutual funds		
Stock funds	\$ 150,192	\$ 372,276
Bond funds	45,482	236,981
Short term funds	1,716,677	
Exchange traded funds	203,998	-
Bonds		
Corporate	122,764	-
Government	120,145	-
Money market funds	13,921	5,672
	\$ 2,373,179	\$ 614,929

Note 5 - Fair value measurements

Financial assets carried at fair value at August 31, 2023 are classified in the table below in one of the three categories described in Note 1:

	Level 1	Level 2	Level 3	Total
Mutual funds				
Stock funds	\$ 150,192	\$ -	\$ -	\$ 150,192
Bond funds	45,482	-	-	45,482
Short term funds	1,716,677			1,716,677
Exchange traded funds	203,998	-	-	203,998
Bonds				
Corporate	-	122,764	-	122,764
Government	-	120,145	-	120,145
Money market funds	-	13,921	-	13,921
	\$ 2,116,349	\$ 256,830	\$ -	\$ 2,373,179

Make-A-Wish Foundation International

Notes to Financial Statements August 31, 2023 and 2022

Financial assets carried at fair value at August 31, 2022 are classified in the table below in one of the three categories described in Note 1:

	Level 1	Level 2	Level 3	Total
Mutual funds				
Stock funds	\$ 372,276	\$ -	\$ -	\$ 372,276
Bond funds	236,981	-	-	236,981
Money market funds	-	5,672	-	5,672
Total	\$ 609,257	\$ 5,672	\$ -	\$ 614,929

Valuations of mutual funds are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Money market funds are valued based on investment yield. Fixed income investments are valued based on amortized costs. For the years ended August 31, 2023 and 2022, there have been no changes in the valuation methodologies.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 6 - Contributions receivable

Contributions receivable as of August 31, 2023 and August 31, 2022 were \$13,501 and \$188,950, respectively. All contributions receivable are due within the next 12 months. Management believes that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts was considered necessary at August 31, 2023 and 2022.

Note 7 - Equipment

Equipment consist of the following at August 31:

	2023	2022
Office furniture and equipment	\$ 122,277	\$ 102,052
Internal use software	1,615,974	1,615,974
	1,738,251	1,718,026
Less accumulated depreciation	(1,682,493)	(1,646,568)
	\$ 55,758	\$ 71,458

Depreciation expense for the years ended August 31, 2023 and 2022 was \$35,784 and \$76,466, respectively.

Make-A-Wish Foundation International

Notes to Financial Statements August 31, 2023 and 2022

Note 8 - Notes payable

Paycheck Protection Program loan

Under the second round of Paycheck Protection Program funding, the Foundation applied for and was approved for a \$51,967 loan. The loan accrued interest at 1% with the first 10 months of interest deferred, had a term for five years and was unsecured and guaranteed by the Small Business Association ("SBA"). The Foundation received forgiveness of \$51,967 on January 3, 2022. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Foundation's financial position.

NOW loan

The Foundation applied and was approved for a second and third loan from the Dutch government as a part of their relief efforts related to COVID-19. The loans were to be used for payroll and the Foundation was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The second loan of \$78,451 was awarded on September 18, 2020 and the Foundation received forgiveness of the loan in full on February 15, 2022. The third loan of \$74,712 was awarded on February 1, 2021 and was forgiven in full on October 5, 2022.

Note 9 - Related party transactions

The Foundation receives membership dues from the international affiliates and sponsors conferences and events for which it incurs costs that are reimbursed by the participating affiliates. At August 31, 2023 and 2022, amounts due from affiliates were \$626,657 and \$819,066, respectively. The beginning balance of amounts due from affiliates for the year ended August 31, 2022 was \$645,258. At August 31, 2023 and 2022, three affiliates accounted for 63% and 69%, respectively, of the total due from affiliates. At August 31, 2023 and 2022, amounts of deferred affiliate member dues were \$633,008 and \$604,084, respectively.

Affiliate dues recognized during the years ended August 31, 2023 and 2022 totaled \$1,870,102 and \$1,698,238, respectively. For the years ended August 31, 2023 and 2022, gross distributions to affiliates totaled \$9,244,035 and \$4,012,067, respectively.

The Foundation accepts donations on behalf of the international affiliates and disburses these funds to affiliates on a monthly basis. These affiliate transactions are reported as funds held for affiliates until they are distributed. Additionally, the Foundation may hold certain funds for affiliate organizations at their request. Amounts due to affiliates were \$1,172,719 and \$761,785 at August 31, 2023 and 2022, respectively. The beginning balance of amounts due to affiliates for the year ended August 31, 2022 was \$605,194.

Make-A-Wish Foundation International

Notes to Financial Statements August 31, 2023 and 2022

Note 10 - Net assets with donor restrictions

Net assets with donor restrictions consist of the following at August 31:

	<u>2023</u>	<u>2022</u>
Time or purpose		
Time restrictions	\$ 30,000	\$ 30,000
Lodging - Air BnB	8,921	61,693
Affiliate support	9,754	20,000
COVID-19 relief	<u>48,985</u>	<u>48,985</u>
	<u>\$ 97,660</u>	<u>\$ 160,678</u>

Note 11 - Donated goods and services

During the years ended August 31, 2023 and 2022, the Foundation received in-kind contributions of assets, services, and materials that are included in the accompanying statements of activities as follows:

	<u>2023</u>	<u>2022</u>
Wish granting	\$ 5,025,747	\$ 466,282
Advertising and media	1,000,000	1,000,000
Professional fees	<u>71,413</u>	<u>69,981</u>
	<u>\$ 6,097,160</u>	<u>\$ 1,536,263</u>

Wish granting related in-kind donations consist of donated travel, goods and other services used in the delivery of wishes by the affiliates. The Foundation estimates the fair value of wish related in-kind donations on the basis of estimates of the current market rates for similar travel, goods and other services in the Foundation's market.

Advertising and media is used to help the Foundation communicate its message or mission and includes fund raising materials, informational material, or advertising, and may be in the form of an audit or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes.

Donated advertising and media is reported as contribution revenue and expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the advertising and media at their fair value. The fair value of the donated advertising and media is based on current market rates in the markets in which the advertising and media was placed.

Donated professional fees recognized comprise services such as legal fees, that are provided to the Foundation. Donated services were valued and reported at the estimated fair value based on current rates for similar consulting services.

Make-A-Wish Foundation International

Notes to Financial Statements August 31, 2023 and 2022

Volunteers donate significant amounts of their time to the Foundation's mission; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Note 12 - Employee benefit plan

In 2003, the Foundation adopted a SIMPLE-IRA plan which covers all U.S. employees from their hire date. The Foundation matches each employee's elective deferral on a dollar-for-dollar basis up to 3-5% of the employee's compensation or other defined limits, based on length of employment. In addition, European employees can choose to participate in a benefit plan in which the Foundation pays up to one third of the premium. For the years ended August 31, 2023 and 2022, matching contributions of \$158,837 and \$90,973 were made to the employee benefit plans, respectively.

Note 13 - Leases

The Foundation leases office space and equipment under various operating leases with terms through July 1, 2028.

At lease commencement, the Foundation recognizes a lease liability, which is measured at the present value of future minimum lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for any prepaid lease costs, initial direct costs and lease incentives. The Foundation has elected and applies the practical expedient to combine non-lease components with their related lease components and account for them as a single combined lease component for all its leases. The Foundation remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such changes do not qualify to be accounted for as a separate contract.

The Foundation determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable, the Foundation estimates the risk free rate as the discount rate.

For accounting purposes, the Foundation's leases commence on the earlier of (i) the date upon which the Foundation obtains control of the underlying asset and (ii) the contractual effective date of a lease.

Weighted average remaining lease term and weighted average discount rate for the Foundation's leases as of August 31, 2023 are as follows:

Weighted average remaining lease term (years)	1.10
Weighted average annual discount rate	3.50%

Make-A-Wish Foundation International

**Notes to Financial Statements
August 31, 2023 and 2022**

Annual maturity analysis of the Foundation's lease liabilities as of August 31, 2023 are as follows:

2024	\$	40,035
2025		818
2026		818
2027		818
2028		681
Thereafter		<u>-</u>
Total lease payments		43,170
Less: interest		<u>(753)</u>
	\$	<u><u>42,417</u></u>



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