

Financial Statements of

**MAKE-A-WISH FOUNDATION  
OF CANADA**

And Independent Auditor's Report thereon

Year ended September 30, 2023



**KPMG LLP**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### ***Qualified Opinion***

We have audited the financial statements of Make-A-Wish Foundation of Canada (the Entity), which comprise:

- the statement of financial position as at September 30, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at September 30, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Basis for Qualified Opinion***

In common with many charitable organizations, the Entity derives revenue from charitable donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at September 30, 2023 and September 30, 2022
- the donations and fundraising and donations-in-kind revenues and deficiency of revenue over expenses reported in the statements of operations for the years ended September 30, 2023 and September 30, 2022



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- the unrestricted net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended September 30, 2023 and September 30, 2022
- the deficiency of revenue over expenses reported in the statements of cash flows for the years ended September 30, 2023 and September 30, 2022.

Our opinion on the financial statements for the year ended September 30, 2022 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***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 a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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.

- 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 the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' in a stylized, cursive font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

February 23, 2024

# MAKE-A-WISH FOUNDATION OF CANADA

## Statement of Financial Position

September 30, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 2)	\$ 3,307,181	\$ 6,046,728
Short-term investments (note 4)	476,089	7,308,608
Accounts receivable (note 3)	1,218,611	1,489,832
Prepaid expenses	2,611,897	710,385
	7,613,778	15,555,553
Long-term investments (note 4)	43,623,707	44,841,463
Capital assets (note 5(a))	243,754	199,436
Intangible assets (note 5(b))	2,555,299	391,904
	\$ 54,036,538	\$ 60,988,356

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,694,600	\$ 3,164,955
Deferred revenue (note 6)	110,285	132,509
	3,804,885	3,297,464
Deferred capital contributions (note 7)	30,303	38,383
Net assets:		
Invested in capital and intangible assets	2,768,750	552,957
Unrestricted	46,182,604	55,642,128
Endowment	1,249,996	1,457,424
	50,201,350	57,652,509
Lease commitments (note 11)		
	\$ 54,036,538	\$ 60,988,356

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Treasurer

# MAKE-A-WISH FOUNDATION OF CANADA

## Statement of Operations

Year ended September 30, 2023, with comparative information for 2022

	2023	2022
<b>Revenue:</b>		
Donations and fundraising	\$ 22,421,614	\$ 19,817,526
Donations-in-kind	13,655,544	3,509,795
Bequests	3,589,249	3,062,841
Investment income	3,228,027	2,800,811
Other	12,524	57,164
	<u>42,906,958</u>	<u>29,248,137</u>
<b>Expenses (note 10):</b>		
Programs	33,702,218	15,265,577
Fundraising	13,377,120	11,190,801
General and administration	2,810,851	2,288,333
	<u>49,890,189</u>	<u>28,744,711</u>
Excess (deficiency) of revenue over expenses before the undernoted	(6,983,231)	503,426
Unrealized loss on investments	(260,500)	(5,677,185)
<b>Deficiency of revenue over expenses</b>	<b>\$ (7,243,731)</b>	<b>\$ (5,173,759)</b>

See accompanying notes to financial statements.

# MAKE-A-WISH FOUNDATION OF CANADA

## Statement of Changes in Net Assets

Year ended September 30, 2023, with comparative information for 2022

					2023	2022
	Invested in capital and intangible assets (note 5)	Unrestricted	Endowment	Total	Total	
Net assets, beginning of year	\$ 552,957	\$ 55,642,128	\$ 1,457,424	\$ 57,652,509	\$ 62,956,562	
Deficiency of revenue over expenses	(236,109)	(7,007,622)	–	(7,243,731)	(5,173,759)	
Invested in capital and intangible assets	2,451,902	(2,451,902)	–	–	–	
Net change in endowment fund	–	–	(207,428)	(207,428)	(130,294)	
Net assets, end of year	\$ 2,768,750	\$ 46,182,604	\$ 1,249,996	\$ 50,201,350	\$ 57,652,509	

See accompanying notes to financial statements.

# MAKE-A-WISH FOUNDATION OF CANADA

## Statement of Cash Flows

Year ended September 30, 2023, with comparative information for 2022

	2023	2022
<b>Cash provided by (used in):</b>		
Operations:		
Deficiency of revenue over expenses	\$ (7,243,731)	\$ (5,173,759)
Items not involving cash:		
Amortization and disposal of capital assets	113,841	85,927
Amortization and disposal of intangible assets	130,348	145,422
Amortization of deferred capital contributions	(8,080)	(8,080)
Unrealized loss on investments	260,500	5,677,185
Change in non-cash operating working capital:		
Accounts receivable	271,221	1,421,812
Prepaid expenses	(1,901,512)	(568,074)
Accounts payable and accrued liabilities	529,645	803,438
Deferred revenue	(22,224)	(958,389)
	<u>(7,869,992)</u>	<u>1,425,482</u>
Financing:		
Decrease in investments held for the endowment fund	(207,428)	(130,294)
Investments:		
Additions to capital assets	(158,159)	(84,549)
Additions to intangible assets	(2,293,743)	–
Decrease in investments, net	<u>7,789,775</u>	<u>(2,896,159)</u>
	<u>5,337,873</u>	<u>(2,980,708)</u>
Decrease in cash and cash equivalents	(2,739,547)	(1,685,520)
Cash and cash equivalents, beginning of year	6,046,728	7,732,248
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,307,181</b>	<b>\$ 6,046,728</b>

See accompanying notes to financial statements.

# MAKE-A-WISH FOUNDATION OF CANADA

Notes to Financial Statements

Year ended September 30, 2023

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## **Operations of the Organization:**

Make-A-Wish Foundation of Canada ("MAWC") is an organization which operates under the Canada Not-for-profit Corporations Act. MAWC is registered with the Canada Revenue Agency as a charitable organization and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

MAWC's mission is:

MAWC creates life-changing wishes for children with critical illnesses. It is on a quest to bring every eligible child's wish to life because a wish is an integral part of a child's treatment journey. Children who have wishes granted can build the physical and emotional need to fight a critical illness.

MAWC's purposes are:

- (a) To fund, facilitate, promote and carry out activities and programs which have the purpose of granting wishes to children who have been diagnosed with a critical illness in a life-threatening stage or with extreme long-term complications in a way the law regards as charitable;
- (b) To receive bequests, trusts, funds and property, and to hold, invest, administer and distribute funds and property for the purposes of MAWC as presently set out and for such other organizations as are "qualified donees" under the provisions of the Income Tax Act (Canada) and for such other purposes and activities which are authorized for registered charities under the provisions of the Income Tax Act (Canada); and
- (c) To do all such other things as are incidental and ancillary to the attainment of these purposes and to the exercise of the powers of MAWC.

# MAKE-A-WISH FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended September 30, 2023

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## 1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

### (a) Revenue recognition:

MAWC follows the deferral method of accounting for donations. Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. No accruals are made for monies pledged but not yet received. Restricted donations are recognized as revenue in the year in which the related expenses are incurred.

Donations-in-kind are recognized when fair value can be reasonably estimated and when the materials and services are used in the normal course of MAWC's operations and would otherwise have been purchased. Donated material and services for the year ended September 30, 2023 amounted to \$13,655,544 (2022 - \$3,509,795).

Investment income, which is recorded on the accrual basis, includes interest, dividends and net realized gains (losses) on sale of investments. All changes in fair value are recognized in the statement of operations.

Government subsidies are recognized when approval for funding is received and applicable conditions are met.

Bequests are recognized as revenue when received or receivable provided the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions, where donors have restricted the original contribution to be maintained in perpetuity, are recognized as direct increases in endowment net assets. Endowment funds are recorded at fair value and changes are recognized as direct increases or decreases in endowment net assets. Realized endowment investment income is restricted and is recorded in deferred revenue until the related expense is incurred.

The efforts of volunteer workers are not reflected in the accompanying financial statements as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to MAWC.

# MAKE-A-WISH FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended September 30, 2023

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## 1. Significant accounting policies (continued):

### (b) Financial instruments:

Unless otherwise noted, financial instruments are recorded at fair value on initial recognition and subsequently at amortized cost.

MAWC investment activities are governed by the investment policies set by the Board of Directors. These policies have strict guidelines as to asset categories and mix in accordance with the risk and return objectives established by the Board of Directors and management. The funds are professionally managed by advisers associated with a major Canadian chartered bank. Investments maturing within one year from the statement of financial position date are reflected as short-term investments. Transaction costs incurred on management of investments are expensed in the year incurred. Changes in fair value are treated as an unrealized gain or loss in the statement of operations.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, MAWC determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount MAWC expects to realize by exercising its rights to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the impairment, not exceeding the initial carrying value.

### (c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to MAWC's ability to provide services, its carrying amount is written down to its residual value.

# MAKE-A-WISH FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended September 30, 2023

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## 1. Significant accounting policies (continued):

Capital assets are amortized on a straight-line basis over their useful lives as follows:

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Computer hardware	3 years
Donated assets	7 years
Leasehold improvements	Over terms of various leases
Furniture and equipment	5 years

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### (d) Intangible assets:

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Software	7 years
Time-share condominium	Indefinite life

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Intangible assets include software and a donated time-share condominium. Software assets are carried at cost and are amortized on a straight-line basis over their useful lives. The time-share condominium asset that was donated to MAWC which has been recorded at the fair market value as determined by an independent appraiser at the time of receipt of the contribution. The time-share has an indefinite life; therefore, it is not amortized.

### (e) Net assets:

The Board of MAWC has directed management to maintain separate fund balances within the net assets of MAWC. The unrestricted operating fund reflects resources available for immediate use. Endowments consist of restricted contributions received whereby the principal gift is required to be maintained intact and the investment income generated is used in accordance with the purposes established by the donors.

### (f) Foreign currency translation:

The fair values of foreign currency-denominated investments included in the statement of financial position are translated into Canadian dollars at year-end rates of exchange. Revenue and expenses are translated at the exchange rate prevailing on the transaction date. Gains and losses arising from translation are reflected in the statement of operations in investment income.

# MAKE-A-WISH FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended September 30, 2023

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## 1. Significant accounting policies (continued):

### (g) Expense allocations:

MAWC classifies expenses on the statement of operations by function. Expenses are allocated to the functional areas of programs, fundraising and general and administration based upon staff time directed to those functional areas.

### (h) Use of estimates:

The preparation of financial statements 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 revenue and expenses during the year. Items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

## 2. Cash and cash equivalents:

Cash and cash equivalents includes \$92,348 (2022 - \$245,040) of restricted funds held in bank accounts for the purpose of expense payments relating to lotteries and raffles.

## 3. Accounts receivable:

	2023	2022
Harmonized sales tax receivable	\$ 1,104,984	\$ 1,429,115
General receivable	113,627	60,717
	<hr/> \$ 1,218,611	<hr/> \$ 1,489,832

## 4. Investments:

	2023	2022
Short-term: Canadian fixed income and cash equivalents	\$ 476,089	\$ 7,308,608

# MAKE-A-WISH FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended September 30, 2023

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## 4. Investments (continued):

	2023	2022
Long-term:		
Canadian fixed income	\$ 30,140,298	\$ 15,329,897
Foreign fixed income	—	649,463
Canadian equities	4,762,162	15,292,428
Foreign equities	8,721,247	13,569,675
	<hr/> \$ 43,623,707	<hr/> \$ 44,841,463

## 5. Capital and intangible assets:

### (a) Capital assets

	Cost	Accumulated amortization	Net book value	2023	2022
Computer hardware	\$ 242,710	\$ 109,087	\$ 133,623	\$ 59,064	
Donated assets	62,623	32,320	30,303		38,383
Leasehold improvements	239,851	160,023	79,828		98,719
Furniture and equipment	—	—	—		3,270
	<hr/> \$ 545,184	<hr/> \$ 301,430	<hr/> \$ 243,754	<hr/> \$ 199,436	

### (b) Intangible assets

	Cost	Accumulated amortization	Net book value	2023	2022
Software	\$ 3,372,477	\$ 827,890	\$ 2,544,587	\$ 381,192	
Time-share condominium	10,712	—	10,712		10,712
	<hr/> \$ 3,383,189	<hr/> \$ 827,890	<hr/> \$ 2,555,299	<hr/> \$ 391,904	

# MAKE-A-WISH FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended September 30, 2023

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## 5. Capital and Intangible assets (continued):

(c) Invested in capital and intangible assets is calculated as follows:

	2023	2022
Capital and intangible assets	\$ 2,799,053	\$ 580,628
Amounts financed by:		
Deferred capital contributions	30,303	38,383

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	2023	2022
\$ 2,768,750	\$ 542,245	

(d) Change in net assets invested in capital and intangible assets is calculated as follows:

	2023	2022
Deficiency of revenue over expenses:		
Amortization of deferred capital contributions	\$ 8,080	\$ 8,080
Amortization and disposal of capital assets	(113,841)	(85,927)
Amortization and disposal of intangible assets	(130,348)	(145,422)
	<hr/> \$ (236,109)	<hr/> \$ (223,269)
Net change in invested in capital assets:		
Additions to capital assets	\$ 158,159	\$ 84,549
Additions to intangible assets	2,293,743	—
	<hr/> Total	<hr/> \$ 2,451,902
	<hr/> \$ 84,549	

## 6. Deferred revenue:

	2023	2022		
	Deferred donations revenue	Free rent and lease inducements	Total	Total
Balance, beginning of year	\$ 31,546	\$ 100,963	\$ 132,509	\$ 1,090,898
Amounts received	21,089	—	21,089	—
Amortized to revenue	(24,665)	(18,648)	(43,313)	(958,389)
Balance, end of year	<hr/> \$ 27,970	<hr/> \$ 82,315	<hr/> \$ 110,285	<hr/> \$ 132,509

# MAKE-A-WISH FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended September 30, 2023

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## 7. Deferred capital contributions:

Deferred capital contributions represent donations-in-kind for donated assets. The changes in the deferred capital contributions balance for the year are as follows:

	2022	Additions	Amortization	2023
Deferred capital contributions	\$ 38,383	\$ -	\$ 8,080	\$ 30,303

## 8. Related party transactions:

MAWC is affiliated, via the federated model, with Make-A-Wish Foundation International and Make-A-Wish Foundation America. MAWC paid fees of \$427,951 (2022 - \$383,711) to those organizations in support of mission delivery to children around the world.

These transactions with related parties are subject to normal trade terms and are recorded at the exchange amount agreed to by the related parties.

## 9. Fundraising:

As required by Alberta legislation, with regard to reporting of fundraising, gross fundraising revenue received in Alberta was \$3,098,185 (2022 - \$2,753,380). Remuneration to employees whose principal duties involve fundraising totaled \$391,737 (2022 - \$312,114).

## 10. Allocation of expenses:

Expenses have been allocated as follows:

2023	Programs	Fundraising	General and administration	Total
Common expense <sup>(1)</sup>	\$ 1,499,017	\$ 3,637,728	\$ 1,396,489	\$ 6,533,234
Compensation <sup>(2)</sup>	5,524,699	6,255,848	1,414,379	13,194,926
	\$ 7,023,716	\$ 9,893,576	\$ 2,810,868	\$ 19,728,160

<sup>(1)</sup>Common expense is comprised of office costs, professional fees, staff costs including travel and amortization.

<sup>(2)</sup>The compensation allocation is comprised of direct compensation expenses and indirect compensation expenses that have been allocated on the basis of effort spent on activities.

# MAKE-A-WISH FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended September 30, 2023

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## 10. Allocation of expenses (continued):

2022	Programs	Fundraising	General and administration	Total
Common expense <sup>(1)</sup>	\$ 1,357,168	\$ 3,526,642	\$ 1,263,142	\$ 6,146,952
Compensation <sup>(2)</sup>	4,316,232	5,169,200	1,025,191	10,510,623
	\$ 5,673,400	\$ 8,695,842	\$ 2,288,333	\$ 16,657,575

## 11. Lease commitments:

MAWC is committed to payments, under operating leases for buildings through 2029. Annual payments are as follows:

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2024	\$ 765,000
2025	747,000
2026	746,000
2027	714,000
2028	289,000
Thereafter	133,000
	\$ 3,394,000

## 12. Risk management:

Risk management relates to the understanding and active management of risks associated with all areas of MAWC's activities and the associated operating environment. Investments are primarily exposed to market, interest rate, foreign currency, liquidity and credit risks. MAWC has formal policies and procedures that establish target asset mix. MAWC's policies also require diversification of investments within categories and set limits on exposure to individual investments. MAWC revised and adopted a new Statement of Investment Policy and Goals on December 17, 2020. There have been no significant changes to risk exposures from 2022.

# MAKE-A-WISH FOUNDATION OF CANADA

Notes to Financial Statements (continued)

Year ended September 30, 2023

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## 12. Risk management (continued):

### (a) Market risk:

The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The value of fixed income securities will vary with developments within the specific companies or governments which issue the securities. MAWC manages this risk through controls to monitor and limit concentration levels.

### (b) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by MAWC. Changes in interest rates may also affect the value of equity securities. MAWC's policies for managing this risk are disclosed above.

### (c) Foreign currency risk:

The value of securities denominated in a currency other than the Canadian dollar will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated. MAWC's investment manager mitigates this risk by limiting concentration levels.

### (d) Liquidity risk:

Liquidity risk is the risk that MAWC will be unable to fulfill its obligations on a timely basis or at a reasonable cost. MAWC manages its liquidity risk by monitoring its operating requirements. MAWC prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

### (e) Credit risk:

MAWC grants credit in the normal course of business and is exposed to credit risk on its accounts receivable. Credit evaluations are performed regularly, and the financial statements take into account an allowance for bad debts.

## 13. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.