

**MAKE-A-WISH FOUNDATION® OF  
CENTRAL AND NORTHERN FLORIDA**

**FINANCIAL STATEMENTS**

**YEAR ENDED AUGUST 31, 2018**

**MAKE-A-WISH FOUNDATION OF CENTRAL AND NORTHERN FLORIDA  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation of Central and Northern Florida  
Maitland, Florida

We have audited the accompanying financial statements of Make-A-Wish Foundation of Central and Northern Florida, which comprise the statement of financial position as of August 31, 2018, and the related statement of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors  
Make-A-Wish Foundation of Central and Northern Florida

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation of Central and Northern Florida as of August 31, 2018, and change in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Lakeland, Florida  
December 17, 2018

**MAKE-A-WISH FOUNDATION OF CENTRAL AND NORTHERN FLORIDA**  
**STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2018**

**ASSETS**

Cash and Cash Equivalents	\$ 3,002,772
Investments	1,778,412
Due from Related Entities	132,732
Prepaid Expenses	68,387
Contributions Receivable, Net	55,535
Other Assets	36,586
Property and Equipment, Net	<u>37,515</u>
Total Assets	<u><u>\$ 5,111,939</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable and Accrued Expenses	\$ 202,171
Accrued Pending Wish Costs - Cash	1,564,358
Accrued Pending Wish Costs - In-Kind	743,128
Due to Related Entities	19,664
Capital Lease Obligations	9,410
Other Liabilities	<u>12,182</u>
Total Liabilities	2,550,913

**NET ASSETS**

Unrestricted	2,446,089
Temporarily Restricted	<u>114,937</u>
Total Net Assets	<u>2,561,026</u>

Total Liabilities and Net Assets	<u><u>\$ 5,111,939</u></u>
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See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF CENTRAL AND NORTHERN FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Public Support:				
Contributions	\$ 2,544,350	\$ 53,535	\$ -	\$ 2,597,885
Grants	146,694	-	-	146,694
Total Public Support	<u>2,691,044</u>	<u>53,535</u>	<u>-</u>	<u>2,744,579</u>
Internal Special Events	2,269,166	43,047	-	2,312,213
Less: Costs of Direct Benefit to Donor	533,254	-	-	533,254
Total Special Events	<u>1,735,912</u>	<u>43,047</u>	<u>-</u>	<u>1,778,959</u>
Investment Income, Net	110,722	-	-	110,722
Other Income	137,425	-	-	137,425
Change in Value of Beneficial Interest in Restricted Trusts	-	-	-	-
Net Assets Released from Restrictions	<u>122,660</u>	<u>(122,660)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	4,797,763	(26,078)	-	4,771,685
<b>EXPENSES</b>				
Program Services:				
Wish Granting	4,162,220	-	-	4,162,220
Total Program Services	<u>4,162,220</u>	<u>-</u>	<u>-</u>	<u>4,162,220</u>
Support Services:				
Fundraising	773,062	-	-	773,062
Management and General	477,433	-	-	477,433
Total Support Services	<u>1,250,495</u>	<u>-</u>	<u>-</u>	<u>1,250,495</u>
Total Expenses	5,412,715	-	-	5,412,715
Transfer to Related Party	<u>(1,007)</u>	<u>-</u>	<u>(692,475)</u>	<u>(693,482)</u>
<b>CHANGE IN NET ASSETS</b>	(615,959)	(26,078)	(692,475)	(1,334,512)
Net Assets - Beginning of Year	<u>3,062,048</u>	<u>141,015</u>	<u>692,475</u>	<u>3,895,538</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,446,089</u>	<u>\$ 114,937</u>	<u>\$ -</u>	<u>\$ 2,561,026</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF CENTRAL AND NORTHERN FLORIDA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2018**

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 2,853,426	\$ -	\$ -	\$ -	\$ 2,853,426
Change in Pending Wish Liability	536,453	-	-	-	536,453
Salaries, Taxes, and Benefits	446,509	482,511	307,945	790,456	1,236,965
Printing, Subscriptions, and Publications	19,013	29,653	4,911	34,564	53,577
Professional Fees	3,578	4,657	17,857	22,514	26,092
Rent and Utilities	66,306	59,093	26,096	85,189	151,495
Postage and Delivery	4,146	6,598	1,984	8,582	12,728
Travel	6,264	17,827	4,696	22,523	28,787
Meetings and Conferences	7,140	11,995	4,999	16,994	24,134
Office Supplies	5,968	4,194	2,603	6,797	12,765
Communications	6,813	6,580	2,652	9,232	16,045
Advertising and Media (Cash)	3,198	16,277	2,591	18,868	22,066
Advertising and Media (In-Kind)	-	44,132	-	44,132	44,132
Repairs and Maintenance	7,656	27,055	2,982	30,037	37,693
Insurance	1,962	1,723	764	2,487	4,449
Bad Debt Expense	-	-	3,740	3,740	3,740
Membership Dues	-	-	145	145	145
National Partnership Dues	166,230	23,146	21,042	44,188	210,418
Miscellaneous	18,737	29,891	69,016	98,907	117,644
Depreciation and Amortization	8,821	7,730	3,410	11,140	19,961
Special Event Expenses	-	533,254	-	533,254	533,254
Total	<u>4,162,220</u>	<u>1,306,316</u>	<u>487,757</u>	<u>1,794,073</u>	<u>5,956,293</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	<u>-</u>	<u>(533,254)</u>	<u>-</u>	<u>(533,254)</u>	<u>(533,254)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 4,162,220</u>	<u>\$ 773,062</u>	<u>\$ 477,433</u>	<u>\$ 1,250,495</u>	<u>\$ 5,412,715</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF CENTRAL AND NORTHERN FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED AUGUST 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ (1,334,512)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation and Amortization	19,961
Bad Debt Expense	3,740
Net Realized and Unrealized Gains on Investments	(68,481)
Transfer to Related Party	693,482
Changes in Assets and Liabilities:	
Contributions Receivable	66,175
Due from Related Entities	6,121
Prepaid Expenses	(30,854)
Other Assets	(3,207)
Accounts Payable and Accrued Expenses	44,977
Accrued Pending Wish Costs	536,453
Due to Related Entities	(73,812)
Other Liabilities	(5,537)
Net Cash Used by Operating Activities	<u>(145,494)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Investments	(1,150,715)
Proceeds from Sales of Investments	1,114,618
Purchases of Property and Equipment	(9,282)
Net Cash Used by Investing Activities	<u>(45,379)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Principal Payments on Capital Lease Obligations	(4,838)
Net Cash Used by Financing Activities	<u>(4,838)</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS**

(195,711)

Cash and Cash Equivalents - Beginning of Year

3,198,483

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 3,002,772

**SUPPLEMENTAL CASH FLOW INFORMATION**

Cash Paid for Interest	<u><u>\$ 596</u></u>
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See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION OF CENTRAL AND NORTHERN FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation of Central and Northern Florida (the Foundation) is a Florida nonprofit corporation, organized for the purpose of creating life changing wishes for children with critical illnesses. The Foundation is an independently operating chapter of Make-A-Wish Foundation of America (National Organization), which operates to develop and implement national programs in public relations and fundraising for the benefit of all local chapters. In addition, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's Board of Directors.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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

**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. Included in cash and cash equivalents at August 31, 2018, is \$89,933 of money market mutual funds.

**Investments**

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in unrestricted net assets unless its use is limited by donor-imposed restrictions or law.

**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 CENTRAL AND NORTHERN FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment, Net**

Property and equipment having a unit cost greater than \$1,000 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 lease(s). 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.

**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 *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).

**MAKE-A-WISH FOUNDATION OF CENTRAL AND NORTHERN FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

*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**

The Foundation's net assets and changes therein are classified and reported as follows:

Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for unrestricted purposes. There are no permanently restricted net assets recorded as of August 31, 2018.

Temporarily Restricted Net Assets – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions or law.

**Revenue Recognition**

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 are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as Net Assets Released from Restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. 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.

**MAKE-A-WISH FOUNDATION OF CENTRAL AND NORTHERN FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

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

	August 31, 2018			Total
	Programs	Fundraising	Management and General	
Wish Related	\$ 1,016,320	\$ -	\$ -	\$ 1,016,320
Rent	-	-	607	607
Advertising and Media	-	44,132	-	44,132
Other	1,560	11,641	-	13,201
Total	\$ 1,017,880	\$ 55,773	\$ 607	1,074,260
Special Events				211,420
Total				\$ 1,285,680

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. Internal special event in-kind amounts 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.

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

Donated advertising and media are reported as contribution revenue when received and fundraising expense when used 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. Advertising costs totaled \$66,198 for the year ended August 31, 2018.

**Income Taxes**

The Foundation is a nonprofit organization exempt from federal income and Florida taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and Section 12A-1.038 of the Florida Statutes, Chapter 212. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

**MAKE-A-WISH FOUNDATION OF CENTRAL AND NORTHERN FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes (Continued)**

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2018. The Foundation files income tax returns in the U.S. federal jurisdiction, and applicable state jurisdictions.

**Functional Expenses**

The Foundation performs three functions: wish granting and program-related support, fundraising, and management and general. Definitions of these functions are as follows:

**Wish Granting**

Activities performed by the Foundation that grant wishes to children with critical illnesses.

**Program-Related Support**

Activities performed by the Foundation related to the wish program including the identification of wish candidates and the determination and delivery of each wish. Specific activities include, but are not limited to, the development of wish resources, handling of wish referrals, and administration of the wish program.

**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 program or fundraising activity, 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**

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$12,182 at August 31, 2018.

**Management Estimates**

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

**MAKE-A-WISH FOUNDATION OF CENTRAL AND NORTHERN FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 3 FAIR VALUE MEASUREMENTS**

**Fair Value of Financial Instruments**

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

The fair values of the financial instruments shown in the following table as of August 31, 2018, represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

**Investments**

**Overall Investment Objective**

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

**MAKE-A-WISH FOUNDATION OF CENTRAL AND NORTHERN FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value Hierarchy**

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at August 31, 2018:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
International Equity	\$ 301,679	\$ -	\$ -	\$ 301,679
Fixed Income	678,279	-	-	678,279
Stocks:				
International Stocks	15,676	-	-	15,676
Domestic Stocks	456,680	-	-	456,680
Exchange Traded Funds:				
International Equity	32,874	-	-	32,874
Domestic Equity	108,649	-	-	108,649
Debt Securities:				
U.S. Agency	-	184,575	-	184,575
Total	<u>\$ 1,593,837</u>	<u>\$ 184,575</u>	<u>\$ -</u>	<u>\$ 1,778,412</u>

For the valuation of debt securities at August 31, 2018, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2). The Foundation has no fair value measurements that use Level 3 inputs. There were no transfers between investment levels during the year ended August 31, 2018.

Total investment income, gains, and losses for the year ended August 31, 2018, consists of the following:

Interest and Dividend Income	\$ 52,565
Realized and Unrealized Gains, Net	68,481
Less: Investment Expenses	10,324
Investment Income, Net	<u>\$ 110,722</u>

**MAKE-A-WISH FOUNDATION OF CENTRAL AND NORTHERN FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value Hierarchy (Continued)**

The following table presents a rollforward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the year ended August 31, 2018:

Balance - Beginning of Year	\$ 692,475
Interest in Beneficial Trust (Note5)	<u>(692,475)</u>
Balance - End of Year	<u><u>-</u></u>

**NOTE 4 CONTRIBUTIONS RECEIVABLE**

The Foundation's contributions receivable as of August 31, 2018 were \$55,535, all of which are due from one donor. 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, 2018:

Total Amounts Due in:	
One Year	<u><u>\$ 55,535</u></u>

**NOTE 5 TRANSFER TO RELATED PARTY**

Effective September 1, 2017, the National Organization realigned the Foundation's territory to assign nine counties, previously included in Central and Northern Florida, to Southern Florida. Assets transferred with this realignment included fixed assets and beneficial interest in trusts. The amounts transferred totaled \$1,007 and \$692,475 from fixed assets, net of accumulated depreciation, and beneficial interest in trusts, respectively.

**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 year ended August 31, 2018, the Foundation received \$1,014,889 from these national revenue streams.

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. Amounts totaling \$210,418 were paid from the Foundation to the National Organization during the year ended August 31, 2018.



**MAKE-A-WISH FOUNDATION OF CENTRAL AND NORTHERN FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)**

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 \$137,425 for the year ended August 31, 2018, which is recorded in the accompanying statement of activities as other income.

Amounts due from and to related entities are as follows:

Balance - August 31:	
Due from National Organization	\$ 113,860
Due from Other Chapters	18,872
Total Due from Related Entities	<u>\$ 132,732</u>
Due to Other Chapters	\$ 19,664
Total Due to Related Entities	<u>\$ 19,664</u>

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

During 2018, the Foundation received contributions, both cash and in-kind, from board members totaling \$119,836. Amounts paid to related parties for goods and services used in the Foundation’s operations totaled \$233,703 in 2018.

**NOTE 7 PROPERTY AND EQUIPMENT, NET**

Property and equipment as of August 31, 2018 consist of the following:

Computer Equipment and Software	\$ 158,341
Office Furniture	5,478
Other Equipment	55,709
Leasehold Improvements	8,806
Subtotal	<u>228,334</u>
Less: Accumulated Depreciation and Amortization	190,819
Property and Equipment, Net	<u>\$ 37,515</u>

Depreciation and amortization expense totaled \$19,961 for the year ended August 31, 2018.

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**NOTE 8 ACCRUED PENDING WISH COSTS**

The Foundation accrues for estimated costs of reportable pending wishes when five certain, measurable wish criteria are met. Prior to meeting these five criteria, the wish is not considered an obligation due to the inherent uncertainties surrounding these criteria and is, therefore, not accrued as a pending wish. This accrual does not represent a legally binding liability but is considered a moral obligation to the child by the Foundation arising when the five criteria are met. Reportable pending wish criteria include:

1. Receiving a referral,
2. Obtaining the required medical eligibility form,
3. Contact with the wish family has occurred to determine the prospective wish,
4. Determination that the wish falls within the National Organization's wish granting policy,
5. The wish is expected to be granted within the next 12 months.

Estimated cash and in-kind costs are accrued as pending wish liability at year-end for all reportable approved pending wishes. The in-kind portion of the pending wish liability includes the estimated in-kind expenses that are expected to be incurred in fulfilling each wish even though the matching in-kind revenues are not recognized until the in-kind goods or services, or an unconditional promise for those in-kind goods or services, are received. Although not fully guaranteed, if the related expected in-kind revenue were recognized in the same fiscal period as the expected in-kind expense, total net assets at August 31, 2018, would increase by \$687,593 resulting in adjusted net assets of \$3,248,619.

In 2018, the Foundation made a change in calculation of accrued pending wish costs. The change simplified the methodology to more closely align the calculation with criteria five "The wish is likely to be granted in the next 12 months." The Foundation limited the number of wishes anticipated to be completed to the lesser of approved wishes or the historical average of wishes granted in the past three years. As a result, the organization may have experienced a change in liability beyond the change in approved wishes.

**NOTE 9 LEASES**

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through 2020. As of August 31, 2018, the cost of leased property and equipment under capital leases was \$23,463 and accumulated depreciation was \$11,919. Total rent expense for all operating leases for the year ended August 31, 2018, totaled \$135,847.

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**NOTE 9 LEASES (CONTINUED)**

Future minimum lease payments under capital and operating leases having remaining terms in excess of one year are as follows:

<u>Year Ending August 31,</u>	<u>Operating Leases</u>	<u>Capital Leases</u>
2019	\$ 146,476	\$ 5,433
2020	22,267	4,462
Total Minimum Lease Payments	168,743	9,895
Less: Amounts Representing Interest	-	485
Present Value of Net Minimum Lease Payments	<u>\$ 168,743</u>	<u>\$ 9,410</u>

The Foundation has the option to renew the lease for their Maitland, Florida office for a five-year term beginning in 2019.

**NOTE 10 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes for the year ended August 31, 2018:

Time Restrictions	<u>\$ 114,937</u>
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**NOTE 11 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 90 days of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 3% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2018, were \$18,422.

**NOTE 12 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.

In-kind contributions totaling \$351,498 were received from a single donor for the year ended August 31, 2018, which represents 12% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

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**NOTE 13 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 14 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through December 17, 2018, the date at which the financial statements were available to be issued.