

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

**FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2017 AND 2016**

**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 statements of financial position as of August 31, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses for the years 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 audits. We conducted our audits 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, 2017 and 2016, and change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Lakeland, Florida  
November 28, 2017

**MAKE-A-WISH FOUNDATION® OF CENTRAL AND NORTHERN FLORIDA**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2017 AND 2016**

<b>ASSETS</b>	2017	2016
Cash and Cash Equivalents	\$ 3,198,483	\$ 2,438,615
Investments	1,673,834	1,556,987
Due from Related Entities	138,853	127,038
Prepaid Expenses	37,533	75,317
Contributions Receivable, Net	125,450	156,953
Other Assets	33,379	35,026
Property and Equipment, Net	49,201	60,436
Beneficial Interest in Assets Held by Others	692,475	664,482
Total Assets	\$ 5,949,208	\$ 5,114,854
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 157,194	\$ 281,490
Accrued Pending Wish Costs - Cash	1,261,968	1,332,564
Accrued Pending Wish Costs - In-Kinds	509,065	680,464
Due to Related Entities	93,476	45,355
Capital Lease Obligations	14,248	20,422
Other Liabilities	17,719	14,538
Total Liabilities	2,053,670	2,374,833
<b>NET ASSETS</b>		
Unrestricted	3,062,048	1,797,728
Temporarily Restricted	141,015	277,811
Permanently Restricted	692,475	664,482
Total Net Assets	3,895,538	2,740,021
Total Liabilities and Net Assets	\$ 5,949,208	\$ 5,114,854

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF CENTRAL AND NORTHERN FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2017**  
**(WITH SUMMARY TOTALS FOR THE YEAR ENDED AUGUST 31, 2016)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>					
Public Support:					
Contributions, Net of Write-Offs	\$ 3,584,046	\$ 118,019	\$ -	\$ 3,702,065	\$ 3,727,139
Grants	210,822	-	-	210,822	210,330
Total Public Support	<u>3,794,868</u>	<u>118,019</u>	<u>-</u>	<u>3,912,887</u>	<u>3,937,469</u>
Internal Special Events	3,547,925	22,995	-	3,570,920	3,033,172
Less: Costs of Direct Benefit to Donor	954,105	-	-	954,105	846,106
Total Special Events	<u>2,593,820</u>	<u>22,995</u>	<u>-</u>	<u>2,616,815</u>	<u>2,187,066</u>
Investment Income, Net	123,170	-	-	123,170	69,588
Other Income	335,529	-	-	335,529	150,165
Change in Value of Beneficial Interest in Restricted Trusts	-	-	27,993	27,993	31,997
Net Assets Released from Restrictions	277,810	(277,810)	-	-	-
Total Revenues, Gains, and Other Support	<u>7,125,197</u>	<u>(136,796)</u>	<u>27,993</u>	<u>7,016,394</u>	<u>6,376,285</u>
<b>EXPENSES</b>					
Program Services:					
Wish Granting	4,330,228	-	-	4,330,228	4,692,909
Support Services:					
Fundraising	1,018,933	-	-	1,018,933	925,906
Management and General	511,716	-	-	511,716	524,886
Total Support Services	<u>1,530,649</u>	<u>-</u>	<u>-</u>	<u>1,530,649</u>	<u>1,450,792</u>
Total Expenses	<u>5,860,877</u>	<u>-</u>	<u>-</u>	<u>5,860,877</u>	<u>6,143,701</u>
Change in Net Assets	1,264,320	(136,796)	27,993	1,155,517	232,584
Net Assets - Beginning of Year	<u>1,797,728</u>	<u>277,811</u>	<u>664,482</u>	<u>2,740,021</u>	<u>2,507,437</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 3,062,048</u></u>	<u><u>\$ 141,015</u></u>	<u><u>\$ 692,475</u></u>	<u><u>\$ 3,895,538</u></u>	<u><u>\$ 2,740,021</u></u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF CENTRAL AND NORTHERN FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Public Support:				
Contributions, Net of Write-Offs	\$ 3,607,151	\$ 119,988	\$ -	\$ 3,727,139
Grants	210,330	-	-	210,330
Total Public Support	<u>3,817,481</u>	<u>119,988</u>	<u>-</u>	<u>3,937,469</u>
Internal Special Events	2,879,019	154,153	-	3,033,172
Less: Costs of Direct Benefit to Donor	846,106	-	-	846,106
Total Special Events	<u>2,032,913</u>	<u>154,153</u>	<u>-</u>	<u>2,187,066</u>
Investment Income, Net	69,588	-	-	69,588
Other Income	149,843	322	-	150,165
Change in Value of Beneficial Interest in Restricted Trusts	-	-	31,997	31,997
Net Assets Released from Restrictions	<u>170,018</u>	<u>(170,018)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>6,239,843</u>	<u>104,445</u>	<u>31,997</u>	<u>6,376,285</u>
<b>EXPENSES</b>				
Program Services:				
Wish Granting	4,692,909	-	-	4,692,909
Support Services:				
Fundraising	925,906	-	-	925,906
Management and General	524,886	-	-	524,886
Total Support Services	<u>1,450,792</u>	<u>-</u>	<u>-</u>	<u>1,450,792</u>
Total Expenses	<u>6,143,701</u>	<u>-</u>	<u>-</u>	<u>6,143,701</u>
Change in Net Assets	96,142	104,445	31,997	232,584
Net Assets - Beginning of Year	<u>1,701,586</u>	<u>173,366</u>	<u>632,485</u>	<u>2,507,437</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,797,728</u>	<u>\$ 277,811</u>	<u>\$ 664,482</u>	<u>\$ 2,740,021</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF CENTRAL AND NORTHERN FLORIDA**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,155,517	\$ 232,584
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	27,876	31,013
Bad Debt Expense	-	830
Net Realized and Unrealized Gains on Investments	(85,756)	(39,096)
Contributed Property and Equipment and Investments	(5,245)	(131,776)
Change in Value of Beneficial Interest in Perpetual Trust	(27,993)	(31,997)
Change in Attrition Pending Wish Liability	10,117	(87,333)
Changes in Assets and Liabilities:		
Contributions Receivable	31,503	(102,284)
Due from Related Entities	(11,815)	96,077
Prepaid Expenses	37,784	(18,300)
Other Assets	1,647	3,937
Accounts Payable and Accrued Expenses	(124,296)	52,234
Accrued Pending Wish Costs	(252,112)	684,467
Due to Related Entities	48,121	6,365
Other Liabilities	3,181	4,561
Net Cash Provided by Operating Activities	808,529	701,282
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(178,602)	(1,260,641)
Proceeds from Sales of Investments	152,756	401,213
Purchases of Property and Equipment	(16,641)	(7,295)
Net Cash Used by Investing Activities	(42,487)	(866,723)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease Obligations	(6,174)	(6,767)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	759,868	(172,208)
Cash and Cash Equivalents - Beginning of Year	2,438,615	2,610,823
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 3,198,483	\$ 2,438,615
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
In-Kind Contributions	\$ 1,255,350	\$ 1,235,185
Cash Paid for Interest	\$ 872	\$ 814
Contributed Property and Equipment and Investments	\$ (5,245)	\$ (131,776)
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Property and Equipment Donations	\$ 16,355	\$ 20,580
Purchase of Property and Equipment with Capital Lease	\$ -	\$ 8,013

See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION® OF CENTRAL AND NORTHERN FLORIDA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2017**

	Program Services Wish Granting	Support Services			Total
		Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 3,333,364	\$ -	\$ -	\$ -	\$ 3,333,364
Salaries, Taxes, and Benefits	590,639	604,596	315,842	920,438	1,511,077
Printing, Subscriptions, and Publications	16,549	30,579	5,659	36,238	52,787
Professional Fees	64,953	24,697	14,066	38,763	103,716
Rent and Utilities	98,643	86,806	35,708	122,514	221,157
Postage and Delivery	6,152	13,319	2,826	16,145	22,297
Travel	5,466	20,730	10,469	31,199	36,665
Meetings and Conferences	5,314	15,288	8,447	23,735	29,049
Office Supplies	13,809	10,510	11,257	21,767	35,576
Communications	13,826	13,868	5,471	19,339	33,165
Advertising and Media (Cash)	10,000	17,091	808	17,899	27,899
Advertising and Media (In-Kind)	-	100,864	-	100,864	100,864
Repairs and Maintenance	7,752	31,166	3,425	34,591	42,343
Insurance	2,279	2,020	835	2,855	5,134
Membership Dues	-	535	360	895	895
National Partnership Dues	137,787	17,441	19,186	36,627	174,414
Miscellaneous	11,320	18,455	72,824	91,279	102,599
Depreciation and Amortization	12,375	10,968	4,533	15,501	27,876
Special Event Expenses	-	954,105	-	954,105	954,105
Investment Fees	-	-	8,788	8,788	8,788
	<u>4,330,228</u>	<u>1,973,038</u>	<u>520,504</u>	<u>2,493,542</u>	<u>6,823,770</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(954,105)	-	(954,105)	(954,105)
Investment Fees	-	-	(8,788)	(8,788)	(8,788)
	<u>-</u>	<u>-</u>	<u>(8,788)</u>	<u>(8,788)</u>	<u>(8,788)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 4,330,228</u>	<u>\$ 1,018,933</u>	<u>\$ 511,716</u>	<u>\$ 1,530,649</u>	<u>\$ 5,860,877</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF CENTRAL AND NORTHERN FLORIDA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2016**

	Program Services Wish Granting	Support Services		Total Support Services	Total
		Fundraising	Management and General		
Direct Costs of Wishes	\$ 3,814,709	\$ -	\$ -	\$ -	\$ 3,814,709
Salaries, Taxes, and Benefits	538,508	580,357	320,324	900,681	1,439,189
Printing, Subscriptions, and Publications	14,301	32,286	5,926	38,212	52,513
Professional Fees	73,270	14,341	10,705	25,046	98,316
Rent and Utilities	80,849	89,059	38,657	127,716	208,565
Postage and Delivery	4,315	11,965	2,700	14,665	18,980
Travel	5,743	20,930	18,857	39,787	45,530
Meetings and Conferences	4,989	12,849	11,168	24,017	29,006
Office Supplies	8,307	8,451	9,523	17,974	26,281
Communications	11,526	13,424	6,654	20,078	31,604
Advertising and Media (Cash)	10,000	11,204	851	12,055	22,055
Advertising and Media (In-Kind)	10,000	36,147	-	36,147	46,147
Repairs and Maintenance	5,364	14,115	2,664	16,779	22,143
Insurance	401	442	188	630	1,031
Bad Debt Expense	-	-	830	830	830
Membership Dues	-	299	245	544	544
National Partnership Dues	89,709	41,754	20,708	62,462	152,171
Miscellaneous	8,864	24,977	69,233	94,210	103,074
Depreciation and Amortization	12,054	13,306	5,653	18,959	31,013
Special Event Expenses	-	846,106	-	846,106	846,106
Investment Fees	-	-	3,498	3,498	3,498
	<u>4,692,909</u>	<u>1,772,012</u>	<u>528,384</u>	<u>2,300,396</u>	<u>6,993,305</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(846,106)	-	(846,106)	(846,106)
Investment Fees	-	-	(3,498)	(3,498)	(3,498)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 4,692,909</u>	<u>\$ 925,906</u>	<u>\$ 524,886</u>	<u>\$ 1,450,792</u>	<u>\$ 6,143,701</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF CENTRAL AND NORTHERN FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017 AND 2016**

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of Central and Northern Florida (the Foundation) is a Florida not-for-profit corporation, organized for the purpose of granting wishes to children with life-threatening medical conditions. 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 U.S. generally accepted accounting principles (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, 2016, is \$246,620 of money market mutual funds. As of August 31, 2017, there were no open 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, 2017 AND 2016**

**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 Inputs: 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 Inputs: 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, 2017 AND 2016**

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

**Fair Value Measurements (Continued)**

Level 3 Inputs: 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.
- **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 statements 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, 2017 AND 2016**

**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 statements of activities as follows:

	August 31, 2017			Total
	Programs	Fundraising	Management and General	
Wish Related	\$ 1,064,610	\$ -	\$ -	\$ 1,064,610
Professional Services	40,000	-	500	40,500
Rent	-	-	575	575
Advertising and Media	-	100,864	-	100,864
Other	7,512	16,133	8,801	32,446
	<u>\$ 1,112,122</u>	<u>\$ 116,997</u>	<u>\$ 9,877</u>	1,238,995
Special Events				419,867
Property and Equipment (Capitalized)				16,355
Total				<u>\$ 1,675,217</u>
	August 31, 2016			Total
	Programs	Fundraising	Management and General	
Wish Related	\$ 1,072,974	\$ -	\$ -	\$ 1,072,974
Professional Services	60,000	-	-	60,000
Rent	-	-	683	683
Advertising and Media	10,000	36,147	-	46,147
Other	8,067	21,414	5,320	34,801
	<u>\$ 1,151,041</u>	<u>\$ 57,561</u>	<u>\$ 6,003</u>	1,214,605
Special Events				380,540
Property and Equipment (Capitalized)				20,580
Total				<u>\$ 1,615,725</u>

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.

**MAKE-A-WISH FOUNDATION® OF CENTRAL AND NORTHERN FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017 AND 2016**

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

**Revenue Recognition (Continued)**

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 \$128,763 and \$68,202 for the years ended August 31, 2017 and 2016, respectively.

**Income Taxes**

The Foundation is a not-for-profit 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.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2017 and 2016. 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 life-threatening medical conditions.

**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.

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

**Functional Expenses (Continued)**

**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 \$17,719 and \$14,538 at August 31, 2017 and 2016, respectively.

**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. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, valuation of investments and contributions receivable, accrued pending wish costs, net of attrition on pending wish costs and whether an allowance for uncollectible contributions receivable is required.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**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.



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

**Fair Value of Financial Instruments (Continued)**

The fair values of the financial instruments shown in the following tables as of August 31, 2017 and 2016, 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.

**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, 2017:

	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:				
Beneficial Interest Agreements	\$ -	\$ -	\$ 692,475	\$ 692,475
Mutual Funds:				
Domestic Equity	345,683	-	-	345,683
International Equity	89,810	-	-	89,810
Global	54,161	-	-	54,161
Real Estate	32,795	-	-	32,795
Bonds	561,896	-	-	561,896
Exchange Traded Funds:				
International Equity	358,074	-	-	358,074
Debt Securities:				
U.S. Treasury	-	2,999	-	2,999
U.S. Agency	-	228,416	-	228,416
Total	<u>\$ 1,442,419</u>	<u>\$ 231,415</u>	<u>\$ 692,475</u>	<u>\$ 2,366,309</u>

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

**Fair Value Hierarchy (Continued)**

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, 2016:

	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:				
Beneficial Interest Agreements	\$ -	\$ -	\$ 664,482	\$ 664,482
Mutual Funds:				
Domestic Equity	308,659	-	-	308,659
International Equity	79,469	-	-	79,469
Global	50,672	-	-	50,672
Real Estate	34,728	-	-	34,728
Bonds	469,277	-	-	469,277
Exchange Traded Funds:				
International Equity	315,581	-	-	315,581
Debt Securities:				
U.S. Treasury	-	12,999	-	12,999
U.S. Agency	-	285,602	-	285,602
Total	<u>\$ 1,258,386</u>	<u>\$ 298,601</u>	<u>\$ 664,482</u>	<u>\$ 2,221,469</u>

For the valuation of debt securities at August 31, 2017 and 2016, 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, other than beneficial interest in perpetual trust as described in Note 5. There were no transfers between investment levels during the years ended August 31, 2017 and 2016.

Total investment income, gains, and losses for the years ended August 31, 2017 and 2016, consist of the following:

	2017	2016
Interest and Dividend Income	\$ 46,202	\$ 33,990
Realized and Unrealized Gains, Net	85,756	39,096
Less: Investment Expenses	8,788	3,498
Investment Income, Net	<u>\$ 123,170</u>	<u>\$ 69,588</u>

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**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 years ended August 31, 2017 and 2016:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	2017	2016
Beginning Balance	\$ 664,482	\$ 632,485
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	27,993	31,997
Ending Balance	\$ 692,475	\$ 664,482
 Change in Unrealized Gains or Losses for the Period Included in the Change in Net Assets Relating to Investments Still Held at End of Reporting Period	 \$ 27,993	 \$ 31,997

**NOTE 4 CONTRIBUTIONS RECEIVABLE**

Contributions receivable include cash and in-kind pledges. The Foundation records an allowance for doubtful accounts on cash pledges. The following is a summary of the Foundation's contributions receivable at August 31:

	2017	2016
Total Amounts Due in:		
One Year	\$ 128,210	\$ 162,271
Gross Contributions Receivable	128,210	162,271
Less: Allowance for Doubtful Accounts	2,760	5,318
Contributions Receivable, Net	\$ 125,450	\$ 156,953

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**NOTE 5 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

**Beneficial Interest in Trusts**

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

Subsequent changes in the value of the underlying assets have been recorded in the accompanying statements of activities as a component of permanently restricted realized and unrealized gains and losses on investments.

The Foundation's beneficial interest in the trusts is \$692,475 and \$664,482 as of August 31, 2017 and 2016, respectively. The Foundation used significant unobservable inputs including information from owner-to-owner transactions and the Foundation's own assumptions (Level 3).

**NOTE 6 TRANSACTIONS WITH RELATED ENTITIES**

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2017 and 2016, the Foundation received \$1,449,643 and \$1,357,938, respectively, from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation of America pays on behalf of the Foundation. Amounts totaling \$174,414 and \$152,171 were paid from the Foundation to the National Organization during the years ended August 31, 2017 and 2016, respectively.

Chapters who assist with the organization and granting of wishes from other chapters are paid a "fee for service" called the wish assist fee. Under this program, the originating chapter agrees to pay a fee to the chapter of the wish destination to assist with any planning, booking, and facilitating of the wish for the home chapter. Under this program, the Foundation received \$148,225 and \$149,875 for the years ended August 31, 2017 and 2016, respectively, which is recorded in the accompanying statements of activities as other income.

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

Amounts due from and to related entities are as follows:

	<u>2017</u>	<u>2016</u>
Balance at August 31:		
Due from National Organization	\$ 124,720	\$ 112,239
Due from Other Chapters	14,133	14,799
Total Due from Related Entities	<u>\$ 138,853</u>	<u>\$ 127,038</u>
Due to National Organization	\$ 3	\$ 294
Due to Other Chapters	93,473	45,061
Total Due to Related Entities	<u>\$ 93,476</u>	<u>\$ 45,355</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 2017 and 2016 the Foundation received contributions, both cash and in-kind, from board members totaling \$458,846 and \$302,486, respectively. Amounts paid to related parties for goods and services used in the Foundation's operations totaled \$202,987 and \$149,472 in 2017 and 2016, respectively.

**NOTE 7 PROPERTY AND EQUIPMENT, NET**

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

	<u>2017</u>	<u>2016</u>
Computer Equipment and Software	\$ 163,135	\$ 161,947
Office Furniture	17,047	17,047
Other Equipment	55,980	59,075
Leasehold Improvements	8,806	4,805
Subtotal	<u>244,968</u>	<u>242,874</u>
Less: Accumulated Depreciation and Amortization	<u>195,767</u>	<u>182,438</u>
Property and Equipment, Net	<u>\$ 49,201</u>	<u>\$ 60,436</u>

Depreciation and amortization expense totaled \$27,876 and \$31,013 for the years ended August 31, 2017 and 2016, respectively.

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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, and
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 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, 2017, would be increased by \$405,616 resulting in adjusted net assets of \$4,300,931.

The Foundation, as part of its estimate of accrued pending wish costs, also considers attrition on pending wish costs. An attrition rate is calculated by the Foundation by analyzing the trend of wishes that have been accrued for using the five criteria discussed above that have not been able to be completed within the past 12 months due to factors outside of the control of the chapter, such as the death of a child, the move of the family out of the chapter's territory, or loss of contact with the family. As of August 31, 2017 and 2016, the Foundation had 168 and 198 reportable pending wishes, respectively.

**NOTE 9 LEASES**

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through 2019. As of August 31, 2017 and 2016, the cost of leased property and equipment under capital leases was \$30,894 and \$30,894, respectively, and accumulated depreciation was \$14,523 and \$8,405, respectively. Total rent expense for all operating leases for the years ended August 31, 2017 and 2016, totaled \$206,268 and \$196,098, respectively.

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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>
2018	\$ 136,684	\$ 10,937
2019	141,370	4,392
2020	<u>21,411</u>	<u>-</u>
Total Minimum Lease Payments	299,465	15,329
Less: Amounts Representing Interest	-	1,081
Present Value of Net Minimum Lease Payments	<u>\$ 299,465</u>	<u>\$ 14,248</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 AND PERMANENTLY RESTRICTED NET ASSETS**

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

	<u>2017</u>	<u>2016</u>
Time Restrictions	<u>\$ 141,015</u>	<u>\$ 277,811</u>

For the years ended August 31, permanently restricted net assets are restricted to:

	<u>2017</u>	<u>2016</u>
Investments in Perpetuity, the Income from which is Expendable to Support Any Activities of the Foundation	<u>\$ 692,475</u>	<u>\$ 664,482</u>

**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 years ended August 31, 2017 and 2016, were \$19,285 and \$21,392, respectively.

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**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 \$422,504 was received from a single donor for the year ended August 31, 2017, which represents 11% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

**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**

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.

The Foundation has evaluated subsequent events from the statements of financial position date through November 28, 2017, the date at which the financial statements were available to be issued.