

MAKE-A-WISH FOUNDATION® OF MINNESOTA
FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019



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**MAKE-A-WISH FOUNDATION® OF MINNESOTA
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YEAR ENDED AUGUST 31, 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Minnesota
Minneapolis, Minnesota

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Minnesota, which comprise the statement of financial position as of August 31, 2019, and the related statements of activities, functional expenses, and cash flows 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 Minnesota

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 Minnesota as of August 31, 2019, and change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 2 to the financial statements, the Make-A-Wish Foundation® of Minnesota adopted a new accounting principle during the year ended August 31, 2019: Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Make-A-Wish Foundation® of Minnesota also changed an accounting policy with the elimination of the pending wish liability from the Foundation’s statement of financial position. Our opinion is not modified with respect to these matters.



CliftonLarsonAllen LLP

Phoenix, Arizona
January 13, 2020

MAKE-A-WISH FOUNDATION® OF MINNESOTA
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019

ASSETS

Cash and Cash Equivalents	\$	462,521
Investments		2,644,141
Due from Related Entities		84,137
Prepaid Expenses		212,317
Contributions Receivable, Net		262,271
Other Assets		9,873
Investments Held for Long-Term Purposes		293,957
Property and Equipment, Net		62,076
Total Assets		<u>\$ 4,031,293</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$	209,948
Due to Related Entities		14,970
Other Liabilities		33,612
Total Liabilities		<u>258,530</u>

NET ASSETS

Without Donor Restrictions		3,528,192
With Donor Restrictions		244,571
Total Net Assets		<u>3,772,763</u>
Total Liabilities and Net Assets		<u>\$ 4,031,293</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 3,649,401	\$ 239,237	\$ 3,888,638
Grants	72,025	3,000	75,025
Total Public Support	3,721,426	242,237	3,963,663
Internal Special Events	1,226,366	-	1,226,366
Less: Costs of Direct Benefits to Donors	(357,946)	-	(357,946)
Total Special Events	868,420	-	868,420
Investment Income, Net	129,856	-	129,856
Other Income	13,575	-	13,575
Net Assets Released from Restrictions	314,414	(314,414)	-
Total Revenues, Gains, and Other Support	5,047,691	(72,177)	4,975,514
EXPENSES			
Program Services:			
Wish Granting	3,734,268	-	3,734,268
Total Program Services	3,734,268	-	3,734,268
Support Services:			
Fundraising	877,749	-	877,749
Management and General	383,310	-	383,310
Total Support Services	1,261,059	-	1,261,059
Total Expenses	4,995,327	-	4,995,327
CHANGE IN NET ASSETS	52,364	(72,177)	(19,813)
Net Assets - Beginning - Before Change in Accounting Policy	1,568,727	316,748	1,885,475
Change in Accounting Policy	1,907,101	-	1,907,101
Net Assets - Beginning of Year - As Adjusted	3,475,828	316,748	3,792,576
NET ASSETS - END OF YEAR	\$ 3,528,192	\$ 244,571	\$ 3,772,763

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2019

	Program	Support Services			Direct Donor Benefit	Total
	Services		Management	Total Support		
	Wish Granting	Fundraising	and General	Services		
Direct Costs of Wishes	\$ 2,801,998	\$ -	\$ -	\$ -	\$ -	\$ 2,801,998
Salaries, Taxes, and Benefits	633,127	665,046	245,188	910,234	-	1,543,361
Printing, Subscriptions, and Publications	762	15,101	711	15,812	-	16,574
Professional Fees	4,002	9,895	70,676	80,571	-	84,573
Rent and Utilities	47,447	49,761	18,516	68,277	-	115,724
Postage and Delivery	4,692	7,051	941	7,992	-	12,684
Travel	8,677	12,976	4,537	17,513	-	26,190
Meetings and Conferences	30,752	19,196	9,355	28,551	-	59,303
Office Supplies	21,144	2,725	494	3,219	-	24,363
Communications	4,307	5,202	1,858	7,060	-	11,367
Advertising and Media (Cash)	-	2,173	-	2,173	-	2,173
Repairs and Maintenance	4,106	4,531	1,603	6,134	-	10,240
Membership Dues	2,904	4,656	176	4,832	-	7,736
National Partnership Dues	149,221	18,889	20,778	39,667	-	188,888
Miscellaneous	11,443	35,388	4,697	40,085	-	51,528
Bad Debt Expense	-	15,000	-	15,000	-	15,000
Depreciation and Amortization	9,686	10,159	3,780	13,939	-	23,625
Special Event - Direct Donor Benefits	-	-	-	-	357,946	357,946
Total	<u>3,734,268</u>	<u>877,749</u>	<u>383,310</u>	<u>1,261,059</u>	<u>357,946</u>	<u>5,353,273</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(357,946)	(357,946)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,734,268</u>	<u>\$ 877,749</u>	<u>\$ 383,310</u>	<u>\$ 1,261,059</u>	<u>\$ -</u>	<u>\$ 4,995,327</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF MINNESOTA
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (19,813)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	23,625
Bad Debt Expense and Other	15,000
Net Realized and Unrealized Gains on Investments	(38,092)
Contributed Inventory (Other Assets)	(1,081)
Change in Discount to Present Value of Contributions Receivable	(1,860)
Changes in Assets and Liabilities:	
Contributions Receivable	115,530
Due from Related Entities	17,012
Prepaid Expenses	(166,405)
Other Assets	8,786
Accounts Payable and Accrued Expenses	63,121
Due to Related Entities	1,900
Other Liabilities	1,265
Net Cash Provided by Operating Activities	18,988

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(973,516)
Proceeds from Sales of Investments	700,035
Purchases of Property and Equipment	(8,772)
Net Cash Used by Investing Activities	(282,253)

Net Decrease in Cash and Cash Equivalents	(263,265)
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CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR

725,786

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 462,521

SUPPLEMENTAL CASH FLOW INFORMATION

Contributed Inventory (Other Assets)	\$ 1,081
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MAKE-A-WISH FOUNDATION® OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Minnesota (the Foundation) is a Minnesota 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 U.S. generally accepted accounting principles (GAAP) applicable to nonprofit entities.

Cash and Cash Equivalents

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

Investments

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

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.

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 3 to 7 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease. 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.

MAKE-A-WISH FOUNDATION® OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

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 liabilities) that the reporting entity has the ability to access at the measurement date.

Level 2 – Prices for a similar asset (or liability), other than quoted prices included in Level 1 inputs, that are observable for the asset (or liability), either directly or indirectly. If the asset (or liability) has a specified term, a Level 2 input must be observable for substantially the full term of the asset (or liability).

Level 3 – Unobservable inputs for the asset (or liability) used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset (or liability) at measurement date.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

MAKE-A-WISH FOUNDATION® OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

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 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 MINNESOTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Foundation received in-kind contributions of assets and services and materials that are reported in the statements of activities as follows at August 31, 2019:

	<u>Support Services</u>			Total
	Programs	Fundraising	Management and General	
Wish Related	\$ 1,664,350	\$ -	\$ -	\$ 1,664,350
Professional Services	735	771	287	1,793
Other	34,044	652	3,682	38,378
Total	<u>\$ 1,699,129</u>	<u>\$ 1,423</u>	<u>\$ 3,969</u>	1,704,521
Special Events				78,507
Inventory (Asset)				1,081
Total				<u>\$ 1,784,109</u>

An internal special event is a fund-raising 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.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Minnesota income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Minnesota Statute 290.05. 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, 2019. 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, fundraising, and management and general. Definitions of these functions are as follows:

Wish Granting

Activities performed by the Foundation in granting wishes to children with life-threatening medical conditions.

MAKE-A-WISH FOUNDATION® OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal year ended August 31, 2019, the Foundation incurred no significant joint costs for activities that included fundraising appeals.

Management and General

All costs not identifiable with a single 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 \$33,612 at August 31, 2019.

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Change in Accounting Principle – Adoption of ASU 2016-14

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The adoption of this standard did not impact the Foundation's net assets as of September 1, 2018.

**MAKE-A-WISH FOUNDATION® OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Policy – Pending Wish Liability

Through the fiscal year ending August 31, 2018, the Foundation accrued for estimated costs of reportable pending wishes when five certain, measurable wish criteria were met. This accrual did not represent a legally binding liability but was considered a moral obligation to the child by the Foundation arising when the five criteria were met. Given the changes to the wish granting environment that have occurred in recent years, the Foundation determined that the calculation was no longer representative of the future obligations. The Foundation remains committed to its mission. Please see the commitment footnote for details about future wish granting obligations. As a result of this change in accounting principle, net assets without donor restrictions as of September 1, 2018 have increased by \$1,907,101.

NOTE 3 LIQUIDITY AND AVAILABILITY

The Organization monitors liquidity regularly through the monthly financial package provided to the board and through the enterprise-wide benchmarks of excellence. Holding 6 months to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

Total Financial Assets	\$	3,747,027
Donor Imposed Restrictions:		
Restricted Funds		(244,571)
Net Financial Assets after Donor-Imposed Restrictions		3,502,456
Internal Designations:		
Board Designated Endowments		(293,957)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$	3,208,499

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

MAKE-A-WISH FOUNDATION® OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value of Financial Instruments (Continued)

The fair values of the financial instruments shown in the following table as of August 31, 2019 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 that are measured at fair value on a recurring basis at August 31, 2019:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Investments:				
Mutual Funds	\$ 757,118	\$ -	\$ -	\$ 757,118
Exchange-Traded Funds	1,394,819	-	-	1,394,819
Equity Securities	289,901	-	-	289,901
Debt Securities	-	415,397	-	415,397
Cash and Cash Equivalents	-	-	-	80,863
Total	<u>\$ 2,441,838</u>	<u>\$ 415,397</u>	<u>\$ -</u>	<u>\$ 2,938,098</u>

**MAKE-A-WISH FOUNDATION® OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019**

NOTE 5 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2019 were \$262,271. 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, 2019.

The Foundation has entered into an agreement with an airline in which the airline agreed to provide the Foundation with 2,000,000 airline miles monthly for up to three years (through August 16, 2021). These miles will be used in fulfilling wishes. In exchange, the Foundation has agreed to advertise the airline's brand at its various events. The value of the miles will be recognized as income as miles are used to book wish trips.

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, 2019, the Foundation received \$815,791 from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services it provides to the Foundation. Amounts totaling \$289,397 were paid from the Foundation to the National Organization during the year ended August 31, 2019.

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 \$13,575 for the year ended August 31, 2019, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities as of August 31, 2019 are as follows:

Balance at August 31:	
Due from National Organization	\$ 79,903
Due from Other Chapters	4,234
Total Due from Related Entities	<u>\$ 84,137</u>
Due to National Organization	\$ 150
Due to Other Chapters	14,820
Total Due to Related Entities	<u>\$ 14,970</u>

MAKE-A-WISH FOUNDATION® OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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

During 2019 the Foundation received contributions, both cash and in-kind, from board members totaling \$152,974.

NOTE 7 PROPERTY AND EQUIPMENT, NET

Property and equipment as of August 31, 2019 consists of the following:

Computer Equipment and Software	\$ 89,802
Office Furniture and Equipment	87,536
Leasehold Improvements	14,603
Total	<u>191,941</u>
Less: Accumulated Depreciation and Amortization	(129,865)
Property and Equipment, Net	<u><u>\$ 62,076</u></u>

Depreciation and amortization expense totaled \$23,625 for the year ended August 31, 2019.

NOTE 8 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through July 31, 2025. Total rent expense for all operating leases for the year ended August 31, 2019 totaled \$64,456.

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

<u>Year Ending August 31,</u>	<u>Amount</u>
2020	\$ 65,114
2021	67,092
2022	69,125
2023	71,212
2024	73,354
Thereafter	69,083
Total	<u><u>\$ 414,980</u></u>

MAKE-A-WISH FOUNDATION® OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

NOTE 9 NET ASSETS

Net Assets Without Donor Restrictions

Board-designated net assets consist of the following at August 31, 2019:

Board Designated Endowment Funds	\$ 293,957
Total Board Designated Net Assets	<u>\$ 293,957</u>

Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods as of August 31, 2019:

Subject to Expenditure for Specified Purpose:	
Wish Granting	\$ 239,237
Program Services Grant	<u>3,000</u>
Total	242,237
Subject to Passage of Time:	
Promises to Give	<u>2,334</u>
Total	<u>2,334</u>
Total Donor Restricted Net Assets	<u>\$ 244,571</u>

NOTE 10 ENDOWMENTS

The Foundation has established a board restricted endowment with the proceeds of an unrestricted bequest from a single donor.

The Foundation is subject to the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and is required to make disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation's endowment consists of one fund designated by the board of directors to function as an endowment. Net assets associated with endowment funds, including fund designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets are reflected as investments held for long-term purposes on the statements of financial position.

Endowment net asset composition by type of fund as of August 31, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	<u>\$ 293,957</u>	<u>\$ -</u>	<u>\$ 293,957</u>

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NOTE 10 ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended August 31, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 166,179	\$ -	\$ 166,179
Investment Return:			
Investment Income	2,457		2,457
Net Appreciation (Realized and Unrealized)	287	-	287
Total Investment Return	2,744	-	2,744
Contributions	125,034	-	125,034
Endowment Net Assets - End of Year	<u>\$ 293,957</u>	<u>\$ -</u>	<u>\$ 293,957</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 one year 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 4% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2019 was \$41,562.

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 \$553,279 were received from a single donor for the year ended August 31, 2019, which represents 14% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 13 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal year ending August 31, 2019, the Foundation granted 265 wishes. As of the end of the year, there were approximately 310 number of wish children who are eligible for a wish. The average cost of a wish for the fiscal year was \$4,800 in cash and \$7,142 in in-kind for a total cost of \$11,942.

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NOTE 14 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 13, 2020, the date at which the financial statements were available to be issued.

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