

**MAKE-A-WISH FOUNDATION® OF  
NEBRASKA**

**FINANCIAL STATEMENTS**

**YEAR ENDED AUGUST 31, 2019**



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**MAKE-A-WISH FOUNDATION® OF NEBRASKA  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of Nebraska  
Omaha, Nebraska

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Nebraska 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 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 controls 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 controls. 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 Nebraska

**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 Nebraska as of August 31, 2019 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.

**Emphasis of Matter – Changes in Accounting Principles**

As discussed in Note 2 to the financial statements, Make-A-Wish Foundation® of Nebraska 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 Statement of Not-for-Profit Entities*. Make-A-Wish Foundation® of Nebraska 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**

St Joseph, Missouri  
December 20, 2019

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

**ASSETS**

Cash and Cash Equivalents	\$ 2,270,154
Investments	5,957,871
Due from Related Entities	22,633
Prepaid Expenses	132,848
Contributions Receivable, Net	224,729
Inventory	23,996
Property and Equipment, Net	<u>28,489</u>
Total Assets	<u><u>\$ 8,660,720</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable and Accrued Expenses	\$ 160,492
Total Liabilities	<u>160,492</u>

**NET ASSETS**

Without Donor Restrictions	8,058,355
With Donor Restrictions	<u>441,873</u>
Total Net Assets	<u><u>8,500,228</u></u>

Total Liabilities and Net Assets	<u><u>\$ 8,660,720</u></u>
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See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions	\$ 2,115,247	\$ 151,717	\$ 2,266,964
Grants	335,125	25,000	360,125
Total Public Support	2,450,372	176,717	2,627,089
Internal Special Events	867,319	-	867,319
Less Costs of Direct Benefits to Donors	(157,237)	-	(157,237)
Total Internal Special Events	710,082	-	710,082
Investment Income (Loss), Net	(13,714)	907	(12,807)
Other Income	7,163	-	7,163
Net Assets Released from Restrictions	203,642	(203,642)	-
Total Revenues, Gains, and Other Support	3,357,545	(26,018)	3,331,527
<b>EXPENSES</b>			
Program Services:			
Wish Granting	2,375,886	-	2,375,886
Total Program Services	2,375,886	-	2,375,886
Support Services:			
Fundraising	307,551	-	307,551
Management and General	221,092	-	221,092
Total Support Services	528,643	-	528,643
Total Expenses	2,904,529	-	2,904,529
<b>CHANGE IN NET ASSETS</b>	453,016	(26,018)	426,998
Net Assets - Beginning of Year - Before Change in Accounting Policy	6,852,192	467,891	7,320,083
Change in Accounting Policy	753,147	-	753,147
Net Assets - Beginning of Year - As Adjusted	7,605,339	467,891	8,073,230
<b>NET ASSETS - END OF YEAR</b>	\$ 8,058,355	\$ 441,873	\$ 8,500,228

See accompanying Notes to Financial Statements.

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

	Program Services		Support Services		Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 1,333,404	\$ -	\$ -	\$ -	\$ -	\$ 1,333,404
Salaries, Taxes, and Benefits	598,123	183,012	128,414	311,426	-	909,549
Printing, Subscriptions, and Publications	22,326	9,711	5,886	15,597	-	37,923
Professional Fees	31,220	8,423	8,248	16,671	-	47,891
Rent and Utilities	97,928	26,256	25,736	51,992	-	149,920
Postage and Delivery	16,100	4,314	4,240	8,554	-	24,654
Travel	32,455	10,005	6,488	16,493	-	48,948
Meetings and Conferences	45,420	21,741	11,939	33,680	-	79,100
Office Supplies	15,774	4,242	4,149	8,391	-	24,165
Communications	15,508	4,156	4,085	8,241	-	23,749
Advertising and Media (Cash)	4,457	995	1,174	2,169	-	6,626
Repairs and Maintenance	2,789	752	736	1,488	-	4,277
Insurance	2,023	542	533	1,075	-	3,098
Membership Dues	3,371	908	890	1,798	-	5,169
Grants and Scholarships	30,000	-	-	-	-	30,000
National Partnership Dues	104,961	14,615	13,286	27,901	-	132,862
Miscellaneous	11,376	15,561	3,009	18,570	-	29,946
Depreciation	8,651	2,318	2,279	4,597	-	13,248
Special Event - Direct Donor Benefits	-	-	-	-	157,237	157,237
	<u>2,375,886</u>	<u>307,551</u>	<u>221,092</u>	<u>528,643</u>	<u>157,237</u>	<u>3,061,766</u>
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(157,237)	(157,237)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,375,886</u>	<u>307,551</u>	<u>\$ 221,092</u>	<u>\$ 528,643</u>	<u>\$ -</u>	<u>\$ 2,904,529</u>

See accompanying Notes to Financial Statements.

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

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$	426,998
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization		13,248
Net Realized and Unrealized (Gains) Losses on Investments		165,266
Donated Property and Equipment		(2,585)
Donated Prepaid Expenses		(16,516)
(Gain) Loss on Sale of Property and Equipment		7,499
(Increase) Decrease in Assets:		
Contributions Receivable		(62,241)
Due from Related Entities		(9,624)
Prepaid Expenses		(116,332)
Inventory		35,039
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses		12,377
Net Cash Provided by Operating Activities		453,129

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Investments		(513,363)
Proceeds from Sales of Investments		254,621
Purchases of Property and Equipment		(27,010)
Net Cash Used by Investing Activities		(285,752)

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

167,377

Cash and Cash Equivalents - Beginning of Year

2,102,777

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

\$ 2,270,154

*See accompanying Notes to Financial Statements.*



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

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of Nebraska (the Foundation) is a Nebraska 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. To be a Make-A-Wish chapter, 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) 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 without donor restricted 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 NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

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

**Property and Equipment, Net**

Property and equipment having a unit cost of greater than \$500 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 5 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. 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 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 NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

**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.

The Foundation utilizes the net asset value (NAV) per share or its equivalent for valuing certain investments in funds that do not have readily determinable fair values. NAV, in many instances, may not equal fair value.

**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.

*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 revenue 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.

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

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

**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.

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

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Wish Related	\$ 510,432	\$ -	\$ -	\$ 510,432
Professional Services	2,372	636	625	3,633
Rent	-	-	3,790	3,790
Advertising and Media	-	-	-	-
Other	24,117	6,636	2,562	33,315
Total	<u>\$ 536,921</u>	<u>\$ 7,272</u>	<u>\$ 6,977</u>	551,170
Special Events				7,932
Prepaid Expense (Asset)				16,516
Property and Equipment (Capitalized)				2,585
Total				<u>\$ 578,203</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.

Advertising and media is used to help the Foundation communicate its message or mission and includes fund raising materials, informational material, or advertising, and may be in the form of an 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.

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

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

**Income Taxes**

The Foundation is a nonprofit organization exempt from federal income and Nebraska taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 77-2714 of the Nebraska Taxation of Non Profit Organization Code. 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 critical illnesses.

**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 joint costs for activities that include fundraising appeals (primarily direct mail campaigns and newsletters), which have been allocated as follows:

Fundraising	\$ 2,757
Management and General	2,710
Wish Granting	<u>10,287</u>
Total	<u><u>\$ 15,754</u></u>

**Management and General**

All costs not identifiable with a specific programs or fundraising activities, 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.

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

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

**Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 Statement 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.

**Change in Accounting Policy – Pending Wish Liability**

Through the fiscal year ended 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 policy, net assets without restriction as of September 1, 2018 have increased by \$753,147.

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

**NOTE 3 LIQUIDITY AND AVAILABILITY**

The Foundation 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	\$ 8,475,387
Donor Imposed Restrictions:	
Restricted Funds	(340,893)
Endowments	<u>(100,980)</u>
Net Financial Assets after Donor-Imposed Restrictions	<u>8,033,514</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 8,033,514</u></u>

Our endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

**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.

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.

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

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

**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.

Allocation of Investment Strategies

In addition to traditional stocks and fixed income securities, the Foundation may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity, and real asset strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly. Private equity funds employ buy-out and venture capital strategies and focus on investments in turn-around situations. Real estate funds generally hold interests in public real estate investment trusts (REITS) or commercial real estate through sole-member entities. Private equity and real asset strategies, therefore, often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Foundation's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.



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

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value Hierarchy**

The following table presents the fair value hierarchy of assets and liabilities 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)	Investments Measured at NAV	Total
Assets:					
Recurring:					
Investments:					
Mutual Funds					
Domestic Equity	\$ 409,759	\$ -	\$ -	\$ -	\$ 409,759
International Equity	418,896	-	-	-	418,896
Real Estate	90,917	-	-	-	90,917
Bonds	485,201	-	-	-	485,201
Exchange-Traded Funds					
Domestic Equity	2,185,495	-	-	-	2,185,495
International Equity	418,727	-	-	-	418,727
Bonds	1,697,163	-	-	-	1,697,163
Equity Securities	-	-	-	-	-
Certificates of Deposit	-	-	-	-	50,289
Cash	-	-	-	-	201,424
Total Recurring	<u>5,706,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,957,871</u>
Total Assets	<u>\$ 5,706,158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,957,871</u>

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

The Foundation's contributions receivable as of August 31, 2019 were \$224,729. 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.

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

**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 \$242,151 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 and for services provided by the National Organization. Amount totaling \$132,917 were paid from the Foundation to the National Organization during the years ended August 31, 2019.

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

Due from National Organization	\$ 22,633
Total Due from Related Entities	<u>\$ 22,633</u>
Due to Other Chapters	\$ 8,976
Total Due to Related Entities	<u>\$ 8,976</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 2019, the Foundation received contributions, both cash and in-kind, from board members totaling \$761,509.

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**NOTE 7 PROPERTY AND EQUIPMENT, NET**

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

Computer Equipment and Software	\$ 73,750
Office Furniture	85,376
Other Equipment	45,445
Total	<u>204,571</u>
Less Accumulated Depreciation	(176,082)
Property and Equipment, Net	<u><u>\$ 28,489</u></u>

Depreciation expense totaled \$13,248 for the year ended August 31, 2019.

**NOTE 8 LEASES**

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through November 30, 2021. Total rent expense for all operating leases for the year ended August 31, 2019 totaled \$88,476.

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>
2020	\$ 77,732
2021	11,705
2022	2,313
Total	<u><u>\$ 91,750</u></u>

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**NOTE 9 NET ASSETS**

**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	\$ 189,176
Total	<u>189,176</u>
Subject to Passage of Time:	
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	151,717
Total	<u>151,717</u>
Endowments:	
Subject to Endowment Spending Policy and Appropriation:	
Earnings on Endowment Funds	55,362
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:	
Wish Granting	45,618
Total	<u>100,980</u>
Total Donor Restricted Net Assets	<u><u>\$ 441,873</u></u>

**NOTE 10 ENDOWMENTS**

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 two individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds 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, both donor-restricted and board-designated, are reflected as investments held for long-term purposes on the statements of financial position.

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**NOTE 10 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law**

The board of directors of the Foundation has interpreted the Nebraska UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor restricted net assets: (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulated earnings on the donor-restricted endowment funds. The accumulated earnings on the endowment funds remain treated as donor restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 45,618	\$ 45,618
Accumulated Investment Gains	-	55,362	55,362
Total Funds	<u>\$ -</u>	<u>\$ 100,980</u>	<u>\$ 100,980</u>

Changes in endowment funds for the years ended August 31 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - Beginning of Year	\$ -	\$ 100,073	\$ 100,073
Investment Return, Net	-	907	907
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 100,980</u>	<u>\$ 100,980</u>

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**NOTE 10 ENDOWMENTS (CONTINUED)**

**Fund Deficiencies**

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There are no fund deficiencies as of August 31, 2019.

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment fund(s) while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds [if none, delete]. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The spending policy for the Foundation investments is determined by the board of directors. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 2% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through gifts and investment return.

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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 one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code limitations. The Foundation matches employee contributions up to 5% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2019 were \$28,486.

**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 \$349,915 were received from a single donor for the year ended August 31, 2019, which represents 13% 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 ended August 31, 2019, the Foundation granted 115 wishes. As of the end of the year, there were approximately 131 children who are eligible for a wish. The average cost of a wish for the fiscal year was \$7,063 in cash and \$4,532 in in-kind for a total cost of \$11,595.

**NOTE 14 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through December 20, 2019, the date at which the financial statements were available to be issued.