

**MAKE-A-WISH FOUNDATION® OF
CENTRAL NEW YORK, INC.**

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2019



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**MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
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YEAR ENDED AUGUST 31, 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Central New York, Inc.
East Syracuse, New York

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Central New York, Inc. 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 Central New York, Inc.

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 New York, Inc. 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.

Adoption of New Accounting Principle and Change in Accounting Policy

As discussed in Note 2 to the financial statements, the Make-A-Wish Foundation® of Central New York, Inc. 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*. The Make-A-Wish Foundation® of Central New York, Inc. also changed an accounting policy resulting in 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

Plymouth Meeting, Pennsylvania
December 12, 2019

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019

ASSETS

Cash and Cash Equivalents	\$	269,602
Investments		73,521
Due from Related Entities		18,024
Prepaid Expenses		57,526
Contributions Receivable, Net		190,011
Other Assets		41,648
Restricted Cash		159,248
Property and Equipment, Net		409,051
Beneficial Interest in Assets Held by National		<u>158,926</u>
Total Assets	\$	<u><u>1,377,557</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Line of Credit	\$	11,639
Accounts Payable and Accrued Expenses		76,126
Due to Related Entities		1,548
Other Liabilities		<u>84,728</u>
Total Liabilities		174,041

NET ASSETS

Without Donor Restrictions		735,116
With Donor Restrictions		<u>468,400</u>
Total Net Assets		<u><u>1,203,516</u></u>
Total Liabilities and Net Assets	\$	<u><u>1,377,557</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 1,159,371	\$ 91,065	\$ 1,250,436
Grants	27,100	25,000	52,100
Total Public Support	1,186,471	116,065	1,302,536
Internal Special Events	359,966	42,285	402,251
Less: Costs of Direct Benefits to Donors	(114,355)	-	(114,355)
Total Internal Special Events	245,611	42,285	287,896
Investment Income, Net	4,376	2,377	6,753
Other Income	300	-	300
Net Assets Released from Restrictions	166,242	(166,242)	-
	1,603,000	(5,515)	1,597,485
EXPENSES			
Program Services:			
Wish Granting	1,061,523	-	1,061,523
Total Program Services	1,061,523	-	1,061,523
Support Services:			
Fundraising	308,178	-	308,178
Management and General	149,579	-	149,579
Total Support Services	457,757	-	457,757
Total Expenses	1,519,280	-	1,519,280
CHANGE IN NET ASSETS	83,720	(5,515)	78,205
Net Assets - Beginning - Before Change in Accounting Policy	248,817	473,915	722,732
Change in Accounting Policy	402,579	-	402,579
Net Assets - Beginning of Year - as Adjusted	651,396	473,915	1,125,311
NET ASSETS - END OF YEAR	\$ 735,116	\$ 468,400	\$ 1,203,516

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2019

	Program Services		Support Services			Direct Donor Benefits	Total
	Wish Granting	Total Program Services	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 646,736	\$ 646,736	\$ -	\$ -	\$ -	\$ -	\$ 646,736
Salaries, Taxes, and Benefits	207,111	207,111	191,968	121,133	313,101	-	520,212
Printing, Subscriptions, and Publications	31,832	31,832	45,952	914	46,866	-	78,698
Professional Fees	1,121	1,121	6,374	7,026	13,400	-	14,521
Rent and Utilities	17,141	17,141	3,596	1,593	5,189	-	22,330
Postage and Delivery	3,841	3,841	11,667	191	11,858	-	15,699
Travel	1,216	1,216	1,424	2,168	3,592	-	4,808
Meetings and Conferences	9,856	9,856	4,188	7,121	11,309	-	21,165
Office Supplies	28,943	28,943	11,493	969	12,462	-	41,405
Communications	6,041	6,041	1,133	378	1,511	-	7,552
Advertising and Media (Cash)	14,875	14,875	3,718	-	3,718	-	18,593
Advertising and Media (In-Kind)	3,333	3,333	3,400	-	3,400	-	6,733
Repairs and Maintenance	3,935	3,935	732	244	976	-	4,911
Insurance	-	-	-	-	-	-	-
Membership Dues	1,340	1,340	600	450	1,050	-	2,390
Grants and Scholarships	-	-	-	-	-	-	-
Volunteer Training	2,922	2,922	2,382	1,449	3,831	-	6,753
National Partnership Dues	58,668	58,668	11,000	3,667	14,667	-	73,335
Miscellaneous	8,786	8,786	5,959	1,412	7,371	-	16,157
Depreciation and Amortization	13,826	13,826	2,592	864	3,456	-	17,282
Special Event Expenses	-	-	-	-	-	114,355	114,355
Total	1,061,523	1,061,523	308,178	149,579	457,757	114,355	1,633,635
Less: Expenses Netted Against Revenues on the Statement of Activities:							
Special Event Expenses	-	-	-	-	-	(114,355)	(114,355)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 1,061,523	\$ 1,061,523	\$ 308,178	\$ 149,579	\$ 457,757	\$ -	\$ 1,519,280

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	78,205
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization		17,282
Net Realized and Unrealized Gains on Investments		(397)
(Increase) Decrease in Assets:		
Contributions Receivable		(195)
Due from Related Entities		17,220
Prepaid Expenses		(49,479)
Other Assets		651
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses		7,271
Due to Related Entities		(1,405)
Other Liabilities		32,518
Net Cash Provided by Operating Activities		101,671

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments		(47,263)
Proceeds from Sales of Investments		14,533
Purchases of Property and Equipment		(4,310)
Change in Restricted Cash		1,812
Net Cash Used By Operating Activities		(35,228)

CASH FLOWS FROM FINANCING ACTIVITIES

Net Proceeds from Line of Credit		11,639
Net Cash Provided by Financing Activities		11,639

NET INCREASE IN CASH AND CASH EQUIVALENTS

78,082

Cash and Cash Equivalents - Beginning of Year

191,520

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 269,602

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Central New York, Inc. (the Foundation) is a New York State 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 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.

Restricted Cash

Restricted cash consists of money market funds held by the Foundation that were restricted by donor for purpose.

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.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
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 40 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.

Beneficial Interest in Assets Held by National

The Foundation has a beneficial interest in assets held by National. This interest consists of funds contributed to the Wishes Forever Endowment Fund at National Organization. An endowment agreement has been signed between the Foundation and National Organization and thus the original corpus and any accumulated earnings are not redeemable by the Foundation at any time. Distributions from earnings will be made by the National Organization to the Foundation according to the National Organization's Endowment Spending Policy. See Note 4 for fair value disclosures related to this asset. There is \$128,119 of net assets with donor restrictions to be maintained in perpetuity included in the beneficial interest. Earnings are recorded in investment income on the accompanying statement of activities.

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.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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.

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.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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.

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	\$ 165,008	\$ -	\$ -	\$ 165,008
Advertising and Media	3,333	3,400	-	6,733
Other	20,274	1,225	1,529	23,028
Total	<u>\$ 188,615</u>	<u>\$ 4,625</u>	<u>\$ 1,529</u>	194,769
Special Events				15,733
Total				<u>\$ 210,502</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.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
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 New York State taxes under the provisions of Internal Revenue Code Section 501(c)(3) and exempt from the New York State corporation franchise tax under Tax Law Article 9-A regulations, Section 1-3.4(b)(6), Article 7A and the Estates, Powers and Trusts Law (EPTL) Section 8-1.4 of the New York State Department of Law Charities Bureau. 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 New York State.

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.

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 CENTRAL NEW YORK, INC.
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 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.

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 are met legal obligation was incurred. 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 donor restrictions as of September 1, 2018 have increased by \$402,579.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
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	\$	869,332
Donor Imposed Restrictions:		
Restricted Funds		(309,474)
Beneficial Interest in Assets Held by National		<u>(158,926)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$	<u>400,932</u>

The Foundation ensures its ability to meet all expected or unexpected cash flow needs by investing in liquid securities that can be sold readily and efficiency. The Foundation also has a line of credit. See Note 8 for information about this arrangement.

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.

Investments

Overall Investment Objective

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

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments (Continued)

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.

Fair Value Hierarchy

The following table presents the fair value hierarchy of assets, 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	\$ 42,448	\$ -	\$ -	\$ -	\$ 42,448
Debt Securities	31,073	-	-	-	31,073
Beneficial Interest in Assets					
Held by National	-	-	158,926	-	158,926
Total Assets	<u>\$ 73,521</u>	<u>\$ -</u>	<u>\$ 158,926</u>	<u>\$ -</u>	<u>\$ 232,447</u>

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

For the valuation of investments categorized as Level 1 at August 31, 2019, the Foundation used unadjusted market prices for identical assets.

For the valuation of investments categorized as Level 3 at August 31, 2019, the Foundation used significant unobservable inputs such as percentage of ownership applied to fair market value as stated in audited financial statements, percentage of annual investment return applied to outstanding account, or present value of expected future amount to be received.

The following table presents a rollforward of activity for investments, measured at fair value using significant unobservable inputs (Level 3) for the year ended August 31, 2019:

Beginning Balance	\$ 165,066
Total Gains (Realized/Unrealized) Included in Changes in Net Assets	226
Settlements	<u>(6,366)</u>
Ending Balance	<u><u>\$ 158,926</u></u>
Change in Unrealized Gains for the Period Included in the Change in Net Assets Relating to Investments Still Held at End of Reporting Period	<u><u>\$ 226</u></u>

NOTE 5 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2019 were \$190,011. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2019.

Total Amounts Due in:	
Within One Year	\$ 134,895
One to Five Years	55,116
Contributions Receivable	<u><u>\$ 190,011</u></u>

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 \$252,207 from these national revenue streams.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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 \$73,335 were paid from the Foundation to the National Organization during the years ended August 31, 2019.

Amounts due from and to related entities are as follows:

Due from National Organization	\$ 18,024
Total Due from Related Entities	<u>\$ 18,024</u>
Due to Other Chapters	\$ 1,548
Total Due to Related Entities	<u>\$ 1,548</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 \$9,750.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

Land	\$ 250,000
Buildings and Building Improvements	197,769
Computer Equipment and Software	115,582
Office Furniture	113,719
Total	<u>677,070</u>
Less: Accumulated Depreciation and Amortization	<u>(268,019)</u>
Property and Equipment, Net	<u>\$ 409,051</u>

Depreciation and amortization expense totaled \$17,282 for the year ended August 31, 2019.

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NOTE 8 LINE OF CREDIT

The Foundation has an unsecured line of credit with a financial institution totaling \$100,000, bearing interest at 6.75%. Outstanding borrowings on this line of credit as of August 31, 2019 were \$11,639.

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	\$ 47,086
Capital Campaign	143,363
Special Events	68,898
Subject to Passage of Time:	
Promises to Give that are not Restricted by Donors, but which are Unavailable for Expenditure until Due	62,233
Subtotal	<u>321,580</u>
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:	
Beneficial Interest in Assets Held by National	143,820
Promises to Give to Wish Fulfillment Fund	3,000
Subtotal	<u>146,820</u>
Total Donor Restricted Net Assets	<u><u>\$ 468,400</u></u>

NOTE 10 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 3% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2019 were \$10,782.

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NOTE 11 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 \$94,435 were received from a single donor for the year ended August 31, 2019, which represents 7% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 12 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 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 55 wishes. As of the end of the year, there were 153 wish children who are eligible for a wish. The average cost of a wish for the fiscal year was \$8,437 in cash and \$6,113 in in-kind for a total cost of \$14,550.

NOTE 14 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 12, 2019, the date at which the financial statements were available to be issued.

