

**MAKE-A-WISH FOUNDATION® OF  
SUFFOLK COUNTY, NY, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED AUGUST 31, 2019**



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**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of Suffolk County, NY, Inc.  
Ronkonkoma, New York

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Suffolk County, NY, Inc. (the Foundation) which comprises 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 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.

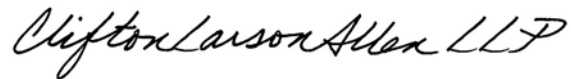
Board of Directors  
Make-A-Wish Foundation® of Suffolk County, NY, Inc.

***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 Suffolk County, NY, Inc. 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 Matter — Changes in Accounting Principles***

As discussed in Note 2 to the financial statements, the Make-A-Wish Foundation® of Suffolk County, NY, 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 Suffolk County, NY, Inc. 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
November 20, 2019

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2019**

**ASSETS**

Cash and Cash Equivalents	\$ 108,776
Investments	3,621,917
Due from Related Entities	16,673
Prepaid Expenses	61,167
Contributions Receivable, Net	137,221
Other Assets	22,884
Property and Equipment, Net	<u>13,404</u>
Total Assets	<u><u>\$ 3,982,042</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable and Accrued Expenses	\$ 62,188
Due to Related Entities	8,364
Other Liabilities	<u>54,700</u>
Total Liabilities	125,252

**NET ASSETS**

Without Donor Restrictions:	
Undesignated	2,701,986
Board Designated - Pending Wishes	<u>994,455</u>
Total Without Donor Restrictions	3,696,441
With Donor Restrictions	<u>160,349</u>
Total Net Assets	<u><u>3,856,790</u></u>
Total Liabilities and Net Assets	<u><u>\$ 3,982,042</u></u>

*See accompanying Notes to Financial Statements.*

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**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	\$ 1,421,574	\$ 180,356	\$ 1,601,930
Grants	81,296	-	81,296
Total Public Support	1,502,870	180,356	1,683,226
Internal Special Events	532,716	15,420	548,136
Less: Costs of Direct Benefits to Donors	(168,203)	-	(168,203)
Total Internal Special Events	364,513	15,420	379,933
Investment Income, Net	76,502	-	76,502
Net Assets Released from Restrictions	147,313	(147,313)	-
Total Revenues, Gains, and Other Support	2,091,198	48,463	2,139,661
<b>EXPENSES</b>			
Program Services:			
Wish Granting	1,906,744	-	1,906,744
Training and Development	334	-	334
Public Information	3,543	-	3,543
Total Program Services	1,910,621	-	1,910,621
Support Services:			
Fundraising	174,497	-	174,497
Management and General	171,614	-	171,614
Total Support Services	346,111	-	346,111
Total Expenses	2,256,732	-	2,256,732
<b>OTHER GAINS (LOSSES)</b>			
Change in Split-Interest Agreements	(178)	-	(178)
Total Other Gains (Losses)	(178)	-	(178)
<b>CHANGE IN NET ASSETS</b>	(165,712)	48,463	(117,249)
Net Assets - Beginning - Before Change in Accounting Principle	3,187,153	111,886	3,299,039
Change in Accounting Principle	675,000	-	675,000
Net Assets - Beginning of Year - as Adjusted	3,862,153	111,886	3,974,039
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,696,441</u>	<u>\$ 160,349</u>	<u>\$ 3,856,790</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2019**

	Program Services			Support Services			Direct Donor Benefits	Total
	Wish Granting	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 1,157,064	\$ -	\$ -	\$ 1,157,064	\$ -	\$ -	\$ -	\$ 1,157,064
Salaries, Taxes, and Benefits	529,707	-	-	529,707	136,439	136,439	272,878	802,585
Printing, Subscriptions, and Publications	2,043	-	3,543	5,586	6,469	88	6,557	12,143
Professional Fees	2,740	-	-	2,740	3	950	953	3,693
Rent and Utilities	68,274	-	-	68,274	8,534	8,534	17,068	85,342
Postage and Delivery	6,678	-	-	6,678	2,830	1,324	4,154	10,832
Meetings and Conferences	9,224	334	-	9,558	3,225	-	3,225	12,783
Office Supplies	14,812	-	-	14,812	1,876	1,864	3,740	18,552
Communications	8,431	-	-	8,431	496	992	1,488	9,919
Repairs and Maintenance	20,734	-	-	20,734	3,582	3,582	7,164	27,898
Membership Dues	1,528	-	-	1,528	699	166	865	2,393
National Partnership Dues	74,669	-	-	74,669	10,161	9,688	19,849	94,518
Miscellaneous	10,840	-	-	10,840	183	183	366	11,206
Depreciation and Amortization	-	-	-	-	-	7,804	7,804	7,804
Special Event Expenses	-	-	-	-	-	-	-	165,245
Total	1,906,744	334	3,543	1,910,621	174,497	171,614	346,111	2,421,977
Less: Expenses Netted Against Revenues on the Statement of Activities:								
Special Event Expenses	-	-	-	-	-	-	-	(165,245)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,906,744</u>	<u>\$ 334</u>	<u>\$ 3,543</u>	<u>\$ 1,910,621</u>	<u>\$ 174,497</u>	<u>\$ 171,614</u>	<u>\$ 346,111</u>	<u>\$ 2,256,732</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED AUGUST 31, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ (117,249)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Used by Operating Activities:	
Depreciation and Amortization	7,804
Net Realized and Unrealized Losses on Investments	109,612
(Increase) Decrease in Assets:	
Contributions Receivable	(54,744)
Due from Related Entities	(73)
Prepaid Expenses	(31,640)
Other Assets	405
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	(11,676)
Due to Related Entities	8,364
Other Liabilities	5,550
Net Cash Used by Operating Activities	<u>(83,647)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Investments	(771,118)
Proceeds from Sales of Investments	576,988
Purchases of Property and Equipment	<u>(1,046)</u>
Net Cash Provided By Operating Activities	<u>(195,176)</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS** (278,823)

Cash and Cash Equivalents - Beginning of Year 387,599

**CASH AND CASH EQUIVALENTS - END OF YEAR** \$ 108,776

*See accompanying Notes to Financial Statements.*



**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of Suffolk County, NY, Inc. (the Foundation) is a New York 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 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 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.

**Property and Equipment, Net**

Property and equipment having a unit cost of 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 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.

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**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.

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.

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

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

**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.

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 SUFFOLK COUNTY, NY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

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

**Revenue Recognition (Continued)**

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

	Programs	Fundraising	Management and General	Total
Wish Related	\$ 410,348	\$ -	\$ -	\$ 410,348
Professional Services	2,850	-	950	3,800
Total	<u>\$ 413,198</u>	<u>\$ -</u>	<u>\$ 950</u>	414,148
Special Events				62,580
Total				<u>\$ 476,728</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 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. Management has determined that no such activity exists and, therefore, no tax provision is necessary.

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 six functions: wish granting, program-related support, training and development, public information, 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.

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

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

**Functional Expenses (Continued)**

Program-Related Support

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

Training and Development

Activities performed by the Foundation include, but are not limited to, implementing programs that support the identification of wish candidates and the determination and delivery of the wish.

Public Information

Activities performed by the Foundation in communicating the purpose and services of the Foundation to all potential sources of wish referrals.

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.

**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.

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

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

**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 without restrictions as of September 1, 2018.

**Change in Accounting Principle — Pending Wish Liability**

Through the fiscal year ending August 31, 2018, the Foundation accrued for estimated costs of reportable pending wishes when 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. The Foundation adopted a change in accounting principle which eliminates the accrual of future moral 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 \$675,000. The Foundation remains committed to its mission. Please see Note 11 for details about future wish granting obligations.

**NOTE 3 LIQUIDITY AND AVAILABILITY**

The Foundation monitors liquidity regularly and maintains within its investments an Operating Fund, Intermediate Reserve Fund and a Long-Term Fund as part of its liquidity management plan. Investments including money market accounts, fixed income securities, and equities are predicated on the liquidity needs of the Foundation. 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 efficiently. In the event of an unanticipated liquidity need, the Foundation may also draw upon a demand credit facility collateralized by the investments held by the Foundation (see Note 6).

Total Financial Assets	\$ 3,884,587
Donor Imposed Restrictions:	
Restricted Funds	<u>(160,349)</u>
Net Financial Assets after Donor-Imposed Restrictions	3,724,238
Internal Designations:	
Board Designated Funds -	
Pending Wishes (See Note 11)	<u>(994,455)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 2,729,783</u></u>

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

**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.

**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 [or the board of directors, as appropriate], 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

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

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

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

**Allocation of Investment Strategies (Continued)**

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 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
<b>Assets</b>					
Recurring:					
Investments:					
Mutual Funds	\$ 3,004,048	\$ -	\$ -	\$ -	\$ 3,004,048
Exchange-Traded Funds	72,246	-	-	-	72,246
Debt Securities	260,059	-	-	-	260,059
Certificates of Deposit	-	-	-	-	259,766
Cash	-	-	-	-	25,798
Total Recurring	3,336,353	-	-	-	3,621,917
Nonrecurring:					
Split-Interest Agreements	-	3,260	-	-	3,260
Total Nonrecurring	-	3,260	-	-	3,260
Total Assets	<u>\$ 3,336,353</u>	<u>\$ 3,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,625,177</u>

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

The Foundation's contributions receivable as of August 31, 2019 were \$137,221. All contributions receivable are due within the next 12 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 SUFFOLK COUNTY, NY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

**NOTE 6 CREDIT FACILITY**

The Foundation has a demand credit facility (the Facility) which is collateralized by the investments held by the Foundation. The amount available for borrowing and the interest rate on the Facility vary based on the aggregate market value of investments held by the Foundation. The interest rate was 5.14% as of August 31, 2019. At August 31, 2019 the Foundation had \$2,639,350 available under the Facility. No amounts were drawn as of August 31, 2019.

**NOTE 7 SPLIT-INTEREST AGREEMENTS**

**Charitable Gift Annuities**

Donors have contributed assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the terms of such agreements, no trust exists, as the assets received are held by and the liability is an obligation of the Foundation. The Foundation records contribution revenue using the fair value of the assets less the present value of the payments expected to be made to the beneficiaries. The present value of payments to beneficiaries under these arrangements is calculated using present value techniques.

The Foundation's beneficial interest under split-interest agreements totaled \$3,260 at August 31, 2019, and is included in other assets on the statement of financial position.

**NOTE 8 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 \$379,046 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 \$74,669 were paid from the Foundation to the National Organization during the year ended August 31, 2019.

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**NOTE 8    TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)**

Amounts due from and to related entities are as follows:

Due from National Organization	\$       16,673
Total Due from Related Entities	<u><u>\$       16,673</u></u>
Due to National Organization	\$       1,612
Due to Other Chapters	<u>6,752</u>
Total Due to Related Entities	<u><u>\$       8,364</u></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 \$159,509. Amounts due from board members totaled \$8,500 as of August 31, 2019.

**NOTE 9    PROPERTY AND EQUIPMENT, NET**

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

Computer Equipment and Software	\$       29,068
Office Furniture	15,992
Other Equipment	<u>5,251</u>
Total	50,311
Less: Accumulated Depreciation and Amortization	<u>(36,907)</u>
Property and Equipment, Net	<u><u>\$       13,404</u></u>

Depreciation expense totaled \$7,804 for the year ended August 31, 2019.

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**NOTE 10 LEASES**

The Foundation is obligated under various and operating leases for offices and equipment, which expire at various dates through November 2021. Total rent expense for all operating leases for the year ended August 31, 2019 totaled \$74,756.

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>Operating Leases</u>
2020	\$ 70,656
2021	68,018
2022	16,710
Total Minimum Lease Payments	<u>\$ 155,384</u>

**NOTE 11 NET ASSETS AND COMMITMENTS**

The Foundation strives to grant the wish of every eligible child. During the fiscal year ending August 31, 2019, the Foundation granted 95 wishes. As of the end of the year, there were 123 wish children who are eligible for a wish. The average cost of a wish for the fiscal year was \$8,085 in cash and \$4,319 in in-kind for a total cost of \$12,404.

**Net Assets Without Donor Restrictions**

Board-designated net assets totaled \$994,455 and are designated for granting 123 pending wishes as of August 31, 2019.

**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	\$ 94,223
Subject to Passage of Time:	
Assets Held under Split-Interest Agreements	3,260
Promises to Give that are not Restricted by Donors, but which are Unavailable for Expenditure until Due	62,866
Total	<u>\$ 160,349</u>

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**NOTE 12 RETIREMENT PLAN**

The Foundation has a Simplified Employee Pension plan (the Plan). Employees are eligible for participation in the Plan upon completion of one year of service. Foundation contributions to the Plan for the year ended August 31, 2019 were \$15,000.

**NOTE 13 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 \$252,477 were received from a single donor for the year ended August 31, 2019, which represents 15% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

**NOTE 14 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 15 SUBSEQUENT EVENTS**

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

