

**MAKE-A-WISH FOUNDATION®
OF THE TRI-COUNTIES, INC.**

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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YEAR ENDED AUGUST 31, 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of the Tri-Counties, Inc.
Camarillo, California

We have audited the accompanying financial statements of Make-A-Wish Foundation® of the Tri-Counties, Inc. which comprise the statement of financial position as of August 31, 2018 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 the Tri-Counties, 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 the Tri-Counties, Inc. as of August 31, 2018 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
January 16, 2019

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2018

ASSETS

Cash and Cash Equivalents	\$	914,659
Investments		1,671,408
Due from Related Entities		7,180
Prepaid Expenses		434
Contributions Receivable, Net		21,380
Other Assets		32,747
Property and Equipment, Net		<u>19,146</u>
Total Assets	\$	<u><u>2,666,954</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$	60,609
Accrued Pending Wish Costs - Cash		365,921
Accrued Pending Wish Costs - In-Kind		309,149
Due to Related Entities		13,196
Other Liabilities		<u>60,866</u>
Total Liabilities		809,741

NET ASSETS

Unrestricted		1,844,698
Temporarily Restricted		<u>12,515</u>
Total Net Assets		<u>1,857,213</u>

Total Liabilities and Net Assets	\$	<u><u>2,666,954</u></u>
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See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2018

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 1,137,324	\$ 12,515	\$ 1,149,839
Grants	16,250	-	16,250
Total Public Support	1,153,574	12,515	1,166,089
Internal Special Events	265,908	-	265,908
Less Costs of Direct Benefits to Donors	(116,291)	-	(116,291)
Total Internal Special Events	149,617	-	149,617
Investment Income, Net	49,626	-	49,626
Other Income	1,689	-	1,689
Total Revenues, Gains, and Other Support	1,354,506	12,515	1,367,021
 EXPENSES			
Program Services:			
Wish Granting	1,204,560	-	1,204,560
Training and Development	35,845	-	35,845
Public Information	59,777	-	59,777
Total Program Services	1,300,182	-	1,300,182
Support Services:			
Fundraising	104,158	-	104,158
Management and General	177,204	-	177,204
Total Support Services	281,362	-	281,362
Total Expenses	1,581,544	-	1,581,544
 CHANGE IN NET ASSETS	(227,038)	12,515	(214,523)
Net Assets - Beginning of Year	2,071,736	-	2,071,736
 NET ASSETS - END OF YEAR	\$ 1,844,698	\$ 12,515	\$ 1,857,213

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2018

	Program Services			Support Services			Total	
	Wish Granting	Training and Development	Public Information	Total Program Services	Fundraising	Management and General		Total Support Services
Direct Costs of Wishes	\$ 827,677	\$ -	\$ -	\$ 827,677	\$ -	\$ -	\$ -	\$ 827,677
Change in Pending Wish Liability	74,713	-	-	74,713	-	-	-	74,713
Salaries, Taxes, and Benefits	197,374	22,462	47,628	267,464	56,847	134,190	191,037	458,501
Printing, Subscriptions, and Publications	3,081	70	65	3,216	13,757	303	14,060	17,276
Professional Fees	13,958	2,147	2,032	18,137	3,581	5,921	9,502	27,639
Rent and Utilities	27,511	6,135	5,185	38,831	5,523	12,274	17,797	56,628
Postage and Delivery	1,780	258	237	2,275	1,451	697	2,148	4,423
Travel	2,537	1,012	267	3,816	5,498	2,892	8,390	12,206
Meetings and Conferences	4,655	290	272	5,217	2,370	2,447	4,817	10,034
Office Supplies	4,906	564	535	6,005	2,112	3,876	5,988	11,993
Communications	3,474	413	388	4,275	1,161	1,569	2,730	7,005
Repairs and Maintenance	375	54	53	482	84	157	241	723
Insurance	1,513	76	154	1,743	307	613	920	2,663
Membership Dues	967	148	139	1,254	634	1,037	1,671	2,925
National Partnership Dues	22,914	-	-	22,914	3,485	2,646	6,131	29,045
Miscellaneous	12,345	1,798	1,776	15,919	6,182	7,107	13,289	29,208
Depreciation and Amortization	4,780	418	1,046	6,244	1,166	1,475	2,641	8,885
Special Event Expenses	-	-	-	-	116,291	-	116,291	116,291
Total	1,204,560	35,845	59,777	1,300,182	220,449	177,204	397,653	1,697,835
Less Expenses Netted Against Revenues on the Statement of Activities:								
Special Event Expenses	-	-	-	-	(116,291)	-	(116,291)	(116,291)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,204,560</u>	<u>\$ 35,845</u>	<u>\$ 59,777</u>	<u>\$ 1,300,182</u>	<u>\$ 104,158</u>	<u>\$ 177,204</u>	<u>\$ 281,362</u>	<u>\$ 1,581,544</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (214,523)
Adjustments to Reconcile Change in Net Assets to	
Net Cash Used by Operating Activities:	
Depreciation and Amortization	8,885
Net Realized and Unrealized Gain on Investments	(41,910)
Gain on Sale of Property and Equipment	(500)
(Increase) Decrease in Assets:	
Contributions Receivable	(7,380)
Due from Related Entities	6,283
Prepaid Expenses	186
Other Assets	(18,636)
Increase in Liabilities:	
Accounts Payable and Accrued Expenses	12,018
Accrued Pending Wish Costs	74,302
Due to Related Entities	1,291
Other Liabilities	59,978
Net Cash Used by Operating Activities	(120,006)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(1,483,947)
Proceeds from Sales of Investments	408,510
Purchases of Property and Equipment	(8,682)
Proceeds from Sales of Property and Equipment	500
Net Cash Used by Investing Activities	(1,083,619)

NET DECREASE IN CASH AND CASH EQUIVALENTS

(1,203,625)

Cash and Cash Equivalents - Beginning of Year

2,118,284

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 914,659

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of the Tri-Counties, Inc. (the Foundation) is a California nonprofit corporation, organized for the purpose of creating life changing wishes to 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. Included in cash and cash equivalents at August 31, 2018 is \$715,773 of money market mutual funds.

Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in unrestricted net assets unless its use is limited by donor-imposed restrictions or law.

Contributions Receivable

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions receivable are discounted using fair value rates and contributions are written off when deemed uncollectible.

Property and Equipment, Net

Property and equipment having a unit cost 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.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances indicate a long-lived asset may be impaired, the asset value will be reduced to fair value. Fair value is determined through various valuation techniques including quoted market values and third-party independent appraisals, as considered necessary.

Fair Value Measurements

Fair value measurements of financial assets and financial liabilities and fair value measurements of nonfinancial items are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets (or liabilities) that the reporting entity has the ability to access at the measurement date.

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

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

Net Assets

The Foundation's net assets and changes therein are classified and reported as follows:

Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for unrestricted purposes. The Foundation does not have any permanently restricted net assets as of August 31, 2018.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Temporarily Restricted Net Assets – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions or law.

Revenue Recognition

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor’s payment plan. Amortization of the discounts is recorded as additional contributions revenue. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Foundation received in-kind contributions of assets, services, and materials that are reported in the statements of activities as follows at August 31, 2018:

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Wish Related	\$ 357,378	\$ -	\$ -	\$ 357,378
Other	-	161	-	161
	<u>\$ 357,378</u>	<u>\$ 161</u>	<u>\$ -</u>	<u>357,539</u>
Special Events				55,425
Total				<u>\$ 412,964</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. Sponsorship and any other revenue received for special events is recognized as deferred revenue when received and is then recognized as revenue when the event occurs.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and California income taxes under the provisions of Internal Revenue Code (IRC) section 501(c)(3), 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, 2018. 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, 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.

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, 2018, the Foundation incurred no joint costs.

Management and General

All costs not identifiable with the 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.

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$5,916 at August 31, 2018.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

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.

NOTE 3 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

The fair values of the financial instruments shown in the following table as of August 31, 2018 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 THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 3 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 and liabilities that are measured at fair value on a recurring basis at August 31, 2018:

Assets	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 385,660	\$ -	\$ -	\$ 385,660
International Equity	131,951	-	-	131,951
Real Estate	5,982	-	-	5,982
Bonds	90,952	-	-	90,952
Exchange-Traded Funds:				
Domestic Equity	75,077	-	-	75,077
International Equity	264,784	-	-	264,784
Bonds	564,088	-	-	564,088
Debt Securities:				
Corporate	-	152,914	-	152,914
Total Recurring	<u>\$ 1,518,494</u>	<u>\$ 152,914</u>	<u>\$ -</u>	<u>\$ 1,671,408</u>

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

For the valuation of bonds and certificates of deposit at August 31, 2018, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

Total investment income, gains, and losses for the year ended August 31, 2018 consist of the following:

Interest and Dividend Income	\$ 29,930
Realized and Unrealized Gains, Net	41,910
Less Investment Expenses	<u>(22,214)</u>
Investment Income, Net	<u><u>\$ 49,626</u></u>

NOTE 4 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2018 were \$21,380, which are due from three donors. 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, 2018.

NOTE 5 TRANSACTIONS WITH RELATED ENTITIES

The Foundation received the following distributions from the National Organization for the year ended August 31, 2018:

Corporate, Online, Whitemail, and General Contributions	\$ 223,522
Other	<u>5,006</u>
Total Distributions Received	<u><u>\$ 228,528</u></u>

These amounts are recorded in the statement of activities as public support revenue.

The Foundation paid to the National Organization the following amounts for the year ended August 31, 2018:

Chapter Dues	\$ 29,044
Services and Other	<u>21,735</u>
Total Amounts Paid	<u><u>\$ 50,779</u></u>

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 5 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Chapters who assist with the organization and granting of wishes from other chapters are paid a “fee for service” called the wish assist fee. Under this program, the originating chapter agrees to pay a fee to the chapter of the wish destination to assist with any planning, booking, and facilitating of the wish for the home chapter. Under this program, the Foundation received \$600 for the year ended August 31, 2018, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

Balance at August 31, 2018:

Due from National Organization	\$	7,180
Total Due from Related Entities	\$	7,180
Due to National Organization	\$	5,300
Due to Other Chapters		7,896
Total Due to Related Entities	\$	13,196

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 2018, the Foundation received contributions, both cash and in-kind, from board members totaling \$35,758.

NOTE 6 PROPERTY AND EQUIPMENT, NET

Property and equipment as of August 31, 2018 consists of the following:

Buildings and Building Improvements	\$	14,381
Computer Equipment and Software		37,350
Office Furniture		13,690
Other Equipment		1,751
Total		67,172
Less Accumulated Depreciation and Amortization		(48,026)
Property and Equipment, Net	\$	19,146

Depreciation and amortization expense totaled \$8,885 for the year ended August 31, 2018.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 7 ACCRUED PENDING WISH COSTS

The Foundation accrues for estimated costs of reportable pending wishes when five certain, measurable wish criteria are met. Prior to meeting these five criteria, the wish is not considered an obligation due to the inherent uncertainties surrounding these criteria and is therefore not accrued as a pending wish. This accrual does not represent a legally binding liability but is considered a moral obligation to the child by the Foundation arising when the five criteria are met. Reportable pending wish criteria include:

1. Receiving a referral,
2. Obtaining the required medical eligibility form,
3. Contact with the wish family has occurred to determine the prospective wish,
4. Determination that the wish falls within the National Organization's wish granting policy,
5. The wish is expected to be granted within the next 12 months

Estimated cash and in-kind costs are accrued as pending wish liability at year-end for all reportable approved pending wishes. The in-kind portion of the pending wish liability includes the estimated in-kind expenses that are expected to be incurred in fulfilling each wish even though the matching in-kind revenues are not recognized until the in-kind goods or services, or an unconditional promise for those in-kind goods or services, are received. Although not fully guaranteed, if the related expected in-kind revenue were recognized in the same fiscal period as the expected in-kind expense, total net assets at August 31, 2018 would increase by \$296,634 resulting in adjusted net assets of \$2,153,847.

In 2018, the Foundation made a change in calculation of accrued pending wish costs. The change simplified the methodology to more closely align the calculation with criteria five "The wish is expected to be granted in the next 12 months." The Foundation limited the number of wishes anticipated to be completed to the lesser of approved wishes or the historical average of wishes granted in the past three years. As a result, the organization may have experienced a change in liability beyond the change in approved wishes.

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, 2022. Total rent expense for all operating leases for the year ended August 31, 2018 totaled \$56,628.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 8 LEASES (CONTINUED)

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

Year Ending August 31:	Operating Leases
2019	\$ 57,907
2020	52,165
2021	52,165
2022	52,165
2023	13,041
Total Lease Payments	\$ 227,443

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes for the year ended August 31, 2018:

Purpose Restrictions	\$ 12,515
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NOTE 10 RETIREMENT PLAN

The Foundation has a Simple IRA retirement plan (the Plan). All employees are eligible for participation in the Plan. Under the provisions of the Plan, 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. The Foundation did not make any contributions to the Plan for the year ended August 31, 2018.

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.

MAKE-A-WISH FOUNDATION® OF THE TRI-COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 CONCENTRATIONS OF CREDIT RISK (CONTINUED)

Contributions totaling \$163,388 were received from a single donor for the year ended August 31, 2018, representing 14% of total public support.

In-kind contributions totaling \$22,640 were received from a single donor for the year ended August 31, 2018, which represents 2% 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 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statements of financial position date through January 16, 2019, the date at which the financial statements were available to be issued.



Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor.