

**MAKE-A-WISH NORTHEASTERN & CENTRAL
CALIFORNIA AND NORTHERN NEVADA**

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2019

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
TABLE OF CONTENTS
YEAR ENDED AUGUST 31, 2019**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7



INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Northeastern & Central
California and Northern Nevada
Sacramento, California

We have audited the accompanying financial statements of Make-A-Wish Northeastern & Central California and Northern Nevada which comprise the statement of financial position as of August 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Make-A-Wish Northeastern & Central California
and Northern Nevada

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Northeastern & Central California and Northern Nevada as of August 31, 2019, and change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

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



CliftonLarsonAllen LLP

Minneapolis, Minnesota
January 21, 2020

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019**

ASSETS

Cash and Cash Equivalents	\$	357,177
Investments		1,000,935
Due from Related Entities		85,448
Prepaid Expenses		168,484
Contributions Receivable, Net		1,673,322
Other Assets		6,217
Investments Held for Long-Term Purposes		1,500,000
Beneficial Interest in Assets Held by National		155,655
Property and Equipment, Net		<u>3,977,878</u>
Total Assets	\$	<u><u>8,925,116</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$	559,920
Notes Payable, Line of Credit		150,000
Due to Related Entities		69,944
Notes Payable		<u>567,144</u>
Total Liabilities		<u>1,347,008</u>

NET ASSETS

Without Donor Restrictions		3,112,574
With Donor Restrictions		<u>4,465,534</u>
Total Net Assets		<u><u>7,578,108</u></u>
Total Liabilities and Net Assets	\$	<u><u>8,925,116</u></u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 5,312,898	\$ 150,000	\$ 5,462,898
Grants	512,705	-	512,705
Total Public Support	5,825,603	150,000	5,975,603
Special Events:			
Internal Special Events	1,372,556	-	1,372,556
Less: Costs of Direct Benefits to Donors	(609,802)	-	(609,802)
Total Special Events	762,754	-	762,754
Change in Beneficial Interest in Assets Held by			
National	-	591	591
Investment Income, Net	1,208	57,844	59,052
Management Fee	1,000	-	1,000
Other Income	4,034	-	4,034
Net Assets Released from Restrictions	422,596	(422,596)	-
Total Revenues, Gains, and Other Support	7,017,195	(214,161)	6,803,034
EXPENSES			
Program Services:			
Wish Granting	5,997,316	-	5,997,316
Training	70,355	-	70,355
Public Information	541,682	-	541,682
Total Program Services	6,609,353	-	6,609,353
Support Services:			
Fundraising	1,207,959	-	1,207,959
Management and General	579,945	-	579,945
Total Support Services	1,787,904	-	1,787,904
Total Program and Support Service Expense	8,397,257	-	8,397,257
CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITIES	(1,380,062)	(214,161)	(1,594,223)
NONOPERATING ACTIVITIES			
Asset Acquisition (See Note 1)	1,389,627	155,064	1,544,691
Total Nonoperating Activities	1,389,627	155,064	1,544,691
CHANGE IN NET ASSETS	9,565	(59,097)	(49,532)
Net Assets - Beginning - Before Change in Accounting Policy	1,153,856	4,524,631	5,678,487
Change in Accounting Policy	1,949,153	-	1,949,153
Net Assets - Beginning of Year - As Adjusted	3,103,009	4,524,631	7,627,640
NET ASSETS - END OF YEAR	\$ 3,112,574	\$ 4,465,534	\$ 7,578,108

See accompanying Notes to Financial Statements.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
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	\$ 4,475,999	\$ -	\$ -	\$ 4,475,999	\$ -	\$ -	\$ -	\$ -	\$ 4,475,999
Salaries, Taxes, and Benefits	955,388	51,286	412,227	1,418,901	818,226	368,128	1,186,354	-	2,605,255
Printing, Subscriptions, and Publications	2,207	7,468	28,163	37,838	19,680	484	20,164	-	58,002
Professional Fees	41,403	1,700	72,486	115,589	25,142	31,244	56,386	-	171,975
Rent and Utilities	46,550	-	-	46,550	30,936	34,807	65,743	-	112,293
Postage and Delivery	4,522	227	-	4,749	8,596	1,657	10,253	-	15,002
Travel	22,467	3,648	9,240	35,355	100,389	23,987	124,376	-	159,731
Meetings and Conferences	20,719	3,491	7,904	32,114	14,182	7,762	21,944	-	54,058
Office Supplies	30,608	1,116	4,099	35,823	17,082	14,322	31,404	-	67,227
Communications	32,470	297	2,160	34,927	18,215	16,012	34,227	-	69,154
Advertising and Media (Cash)	-	-	3,080	3,080	2,020	-	2,020	-	5,100
Repairs and Maintenance	16,947	-	-	16,947	7,605	14,362	21,967	-	38,914
Bad Debt	-	-	-	-	15,352	-	15,352	-	15,352
Insurance	1,132	-	-	1,132	621	466	1,087	-	2,219
National Partnership Dues	191,828	-	-	191,828	26,807	24,414	51,221	-	243,049
Miscellaneous	45,157	1,122	2,323	48,602	55,508	25,525	81,033	-	129,635
Interest	16,318	-	-	16,318	8,226	3,107	11,333	-	27,651
Depreciation and Amortization	93,601	-	-	93,601	39,372	13,668	53,040	-	146,641
Special Event - Direct Donor Benefits	-	-	-	-	-	-	-	609,802	609,802
	5,997,316	70,355	541,682	6,609,353	1,207,959	579,945	1,787,904	609,802	9,007,059
Less: Expenses Netted Against Revenues on the Statement of Activities:									
Special Event Expenses	-	-	-	-	-	-	-	(609,802)	(609,802)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 5,997,316	\$ 70,355	\$ 541,682	\$ 6,609,353	\$ 1,207,959	\$ 579,945	\$ 1,787,904	\$ -	\$ 8,397,257

See accompanying Notes to Financial Statements.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	(49,532)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Used by Operating Activities:		
Depreciation and Amortization		146,641
Bad Debt Expense		15,352
Net Realized and Unrealized Gains on Investments		(6,388)
Noncash Contributions Related to Asset Acquisition		(11,143)
Contributions Restricted for Long-Term Investment		(10,000)
Contributed Property and Equipment and Inventory		(8,929)
Change in Beneficial Interest in Asset Held by National		(591)
Change in Discount to Present Value of Contributions Receivable		(22,629)
(Increase) Decrease in Assets:		
Contributions Receivable		74,227
Due from Related Entities		(26,011)
Prepaid Expenses		(141,801)
Other Assets		(5,442)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses		(59,040)
Deferred Revenue		-
Due to Related Entities		21,103
Net Cash Used by Operating Activities		(84,183)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments		(1,781,886)
Proceeds from Sales of Investments		2,239,284
Purchases of Property and Equipment		(44,075)
Net Cash Provided by Investing Activities		413,323

CASH FLOWS FROM FINANCING ACTIVITIES

Contributions Restricted for Long-Term Investment		10,000
Proceeds from Notes Payable/Line of Credit		150,000
Principal Payments on Notes Payable		(170,791)
Net Cash Used by Financing Activities		(10,791)

CHANGE IN CASH AND CASH EQUIVALENTS

		318,349
Cash and Cash Equivalents - Beginning of Year		38,828
CASH AND CASH EQUIVALENTS - END OF YEAR	\$	357,177

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid for Interest	\$	3,107
Contributed Property and Inventory	\$	8,929
Contributed for Long-Term Investment	\$	10,000

See accompanying Notes to Financial Statements.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019**

NOTE 1 ORGANIZATION

Make-A-Wish Northeastern & Central California and Northern Nevada (the Foundation) is a California nonprofit corporation, organized for the purpose of creating life changing wishes for children with critical illnesses. The Foundation is an independently operating chapter of Make-A-Wish Foundation of America (National Organization), which operates to develop and implement national programs in public relations and fundraising for the benefit of all local chapters. In addition, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

Effective September 1, 2018, following the adoption of resolutions of the boards of the Foundation and Make-A-Wish Foundation of Central California, the National Organization reassigned the responsibility for fulfilling the Make-A-Wish mission with the territory currently assigned to the Make-A-Wish Foundation of Central California to the Foundation. The Foundation formally changed its name to Make-A-Wish Northeastern & Central California and Northern Nevada. A contribution of \$1,544,691 has been shown on the statement of activities related to the Central California chapter's net assets at August 31, 2018.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to nonprofit entities.

Cash and Cash Equivalents

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

Investments

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

Contributions Receivable

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

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
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 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 over time in an amount equivalent to annual depreciation. 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 three to 40 years. Leasehold improvements are amortized over the shorter of the estimated useful lives of the assets or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

Fair Value Measurements

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

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

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

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

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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

Net Assets

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

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

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 restriction when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discounts is recorded as additional contributions revenue. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

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

	Program	Fundraising	Management and General	Total
Wish Related	\$ 2,382,813	\$ -	\$ -	\$ 2,382,813
Special Events				170,535
Property and Equipment (Capitalized)				8,929
Total				\$ 2,562,277

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.

Donated advertising and media is used to help the Foundation communicate its message or mission and includes fund raising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes. Advertising and media are reported as contribution revenue and fundraising or public information expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value. Advertising costs totaled \$5,100 for the year ended August 31, 2019.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
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 California franchise taxes under the provisions of Internal Revenue Code 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, 2019. The Foundation files income tax returns in the U.S. federal jurisdiction, and applicable state jurisdictions.

Functional Expenses

The Foundation performs five functions: wish granting, training and development, public information, fundraising, and management and general. Definitions of these functions are as follows:

Wish Granting

Activities performed by the Foundation that grant wishes to children with critical illnesses.

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.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
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 GAAP 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 were met. Given the changes to the wish granting environment that have occurred in recent years, the Foundation determined that the calculation was no longer representative of the future obligations. The Foundation remains committed to its mission. Please see the commitment footnote for details about future wish granting obligations. As a result of this change in accounting policy, net assets without restrictions as of September 1, 2018 have increased by \$1,949,153.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
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 to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

Total Financial Assets	\$ 4,772,537
Donor Imposed Restrictions:	
Restricted Funds	(1,455,413)
Endowments	<u>(3,010,121)</u>
Net Financial Assets after Donor-Imposed Restrictions	(4,465,534)
Internal Designations:	
Board-Designated Endowments	<u>-</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 307,003</u>

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

Our board-designated endowment of \$106,965 is subject to an annual spending rate of 5% as described in Note 12. Although we do not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our board's annual budget approval and appropriation), these amounts could be made available if necessary.

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 tables as of August 31, 2019 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019**

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments

Overall Investment Objective

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

Fair Value Hierarchy

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at August 31, 2019:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Mutual Funds	\$ 1,041,152	\$ -	\$ -	\$ 1,041,152
Money Market Funds	32,344	-	-	32,344
Equity Securities	1,080,419	-	-	1,080,419
Exchange-Traded Funds	347,020	-	-	347,020
Beneficial Interest in Assets	-	-	155,655	155,655
Total	<u>\$ 2,500,935</u>	<u>\$ -</u>	<u>\$ 155,655</u>	<u>\$ 2,656,590</u>

For the valuation of beneficial interest in assets held by National at August 31, 2019, the Foundation used significant unobservable inputs (Level 3).

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	\$ -
Contribution from Central California Chapter	155,064
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	591
Ending Balance	<u>\$ 155,655</u>

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019**

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at 4.25% at August 31, 2019. The following is a summary of the Foundation's contributions receivable at August 31, 2019:

Total Amounts Due in:	
Within One Year	\$ 1,196,969
One to Five Years	476,503
More than Five Years	130,000
Gross Contributions Receivable	<u>1,803,472</u>
Less: Allowance for Doubtful Accounts	(51,104)
Less: Discount to Present Value	(79,046)
Contributions Receivable, Net	<u><u>\$ 1,673,322</u></u>

NOTE 6 SPLIT-INTEREST AGREEMENTS

Beneficial Interest in Assets Held by National

The Foundation is a named income beneficiary in a perpetual trust, the corpus of which is held by the National Organization and is not controlled by the management of the Foundation. Under this arrangement, the Foundation has the irrevocable right to receive a portion of the income earned on the underlying assets held in perpetuity. Accordingly, with donor-restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation received notice that the trust agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets have been recorded in the accompanying statement of activities as a change in value of beneficial interest in assets held by National.

The Foundation's beneficial interest in the trust is \$155,655 as of August 31, 2019.

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES

The Foundation received the following distributions from the National Organization for the year ended August 31, 2019:

Corporate, Online, Whitemail, and General Contributions	\$ 831,436
Gifts and Travel Reimbursements	10,949
Wish Forever Fund	10,439
Other	(368)
Total Distributions Received	<u><u>\$ 852,456</u></u>

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

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019**

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

The Foundation paid to the National Organization the following amounts for the year ended August 31, 2019:

National Dues	\$ 243,049
Other	11,250
Total Amounts Paid	<u>\$ 254,299</u>

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 Foundation received \$4,034 for the year ended August 31, 2019, which is recorded in the accompanying statement of activities as other income. The Foundation also received management fees totaling \$1,000 from Make-A-Wish Central California during the year ended August 31, 2019.

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

Balance at August 31:	
Due from National Organization	\$ 50,242
Due from Other Chapters	35,206
Total Due from Related Entities	<u>\$ 85,448</u>
Due to National Organization	\$ 1,722
Due to Other Chapters	68,222
Total Due to Related Entities	<u>\$ 69,944</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.

During 2019, the Foundation received contributions, both cash and in-kind, from board members totaling \$258,786. Amounts due from board members at August 31, 2019 totaled \$107,418.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019**

NOTE 8 PROPERTY AND EQUIPMENT, NET

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

Land	\$ 659,143
Buildings and Building Improvements	4,280,098
Computer Equipment and Software	159,674
Office Furniture	65,672
Other Equipment	73,518
Automobiles	18,830
Total	5,256,935
Less: Accumulated Depreciation and Amortization	(1,279,057)
Property and Equipment, Net	\$ 3,977,878

Depreciation and amortization expense totaled \$146,641 for the year ended August 31, 2019.

NOTE 9 NOTES PAYABLE

The Foundation has an unsecured line of credit with a financial institution totaling \$150,000, bearing interest at the Prime rate plus 1.0%, through October 24, 2020. The Prime rate was 5.25% at August 31, 2019. There was \$150,000 outstanding on this line of credit as of August 31, 2019. The line of credit is subject to various financial and nonfinancial covenants.

On June 16, 2012, the Foundation entered into a note payable with a financial institution totaling \$700,000. The note bears interest at 4.25%, requires principal payments in equal monthly installments of \$3,816 and a balloon payment of the remaining balance on June 18, 2022, and is secured by the building. The remaining principal payments subsequent to August 31, 2019 are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2020	\$ 567,144
Total	\$ 567,144

The note payable is reflected as current and payable in 2020, as the Foundation did not meet the debt covenants.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019**

NOTE 10 LEASES

The Foundation is on a month-to-month operating lease for office space in Reno, Nevada. The Foundation acquired the office lease of Central California. The lease has monthly payments of \$2,700 and expires on June 30, 2020. Future commitments under the lease are as follows:

Year Ending August 31, 2020	Amount
Total Minimum Lease Payments	\$ 27,000
	\$ 27,000

Total rent expense for all operating leases for the year ended August 31, 2019 totaled \$43,784.

NOTE 11 NET ASSETS

Net Assets Without Donor Restrictions

Board-designated net assets consist \$106,965 of board-designated endowments at 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	\$ 100,000
Subject to Passage of Time:	
Beneficial Interest in Assets Held by National	155,655
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	1,159,758
Total	1,415,413
Promise to Give Restricted to Endowment	40,000
Endowments:	
Subject to Endowment Spending Policy and Appropriation:	
Earnings on Endowment Funds	77
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity	
General Operations	3,010,044
Total	3,010,121
Total Donor Restricted Net Assets	\$ 4,465,534

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019**

NOTE 12 ENDOWMENTS

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

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

Interpretation of Relevant Law

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

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

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019**

NOTE 12 ENDOWMENTS (CONTINUED)

Endowment fund composition by type of fund as of August 31 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 3,010,121	\$ 3,010,121
Board-Designated Endowment Funds	-	-	-
Total Endowment Funds	<u>\$ -</u>	<u>\$ 3,010,121</u>	<u>\$ 3,010,121</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds, Beginning of Year	\$ 106,965	\$ 3,000,044	\$ 3,107,009
Investment Return:			
Investment Income	-	49,898	49,898
Net Depreciation (Realized and Unrealized)	-	7,946	7,946
Total Investment Return	<u>-</u>	<u>57,844</u>	<u>57,844</u>
Contributions	-	10,000	10,000
Appropriation of Endowment Assets for Expenditure	<u>(106,965)</u>	<u>(1,557,767)</u>	<u>(1,664,732)</u>
Other Changes:			
Endowment Loan	<u>-</u>	<u>1,500,000</u>	<u>1,500,000</u>
Endowment Funds, End of Year	<u>\$ -</u>	<u>\$ 3,010,121</u>	<u>\$ 3,010,121</u>

On August 15 2019, the Foundation board of directors authorized management to borrow \$1,500,000 from the endowment to pay for general operations. This is intended to be repaid by August 31, 2022 at an annual 4.25% interest rate. This is reflected as an Endowment Loan in the above table.

Fund Deficiencies

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

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019**

NOTE 12 ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return equal to or greater than the rate of inflation (Consumer Price Index) plus any spending and administrative expenses thus, at a minimum, maintaining the purchasing power of those assets managed by the Foundation. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 5% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. Additionally, the board of directors may approve amounts in excess of the spending policy for appropriation as needed.

NOTE 13 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. The Foundation amended the Plan effective January 1, 2019 to make it a safe harbor plan with 4% matching contributions. Foundation contributions to the Plan for the year ended August 31, 2019 was \$28,195.

**MAKE-A-WISH NORTHEASTERN & CENTRAL CALIFORNIA
AND NORTHERN NEVADA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019**

NOTE 14 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 Federal Deposit Insurance Corporation (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.

There were no contribution concentrations for the year ended August 31, 2019. Pledges receivable from two donors represent 47% of total pledges receivable as of August 31, 2019.

NOTE 15 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal year ended August 31, 2019, the Foundation granted 408 wishes. As of the end of the year, there were approximately 559 wish children who are eligible for a wish. The average cost of a wish for the fiscal year was \$5,661 in cash and \$5,306 in in-kind for a total cost of \$10,967.

NOTE 15 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 16 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 21, 2020, the date at which the financial statements were available to be issued.