

**MAKE-A-WISH FOUNDATION® OF
SUFFOLK COUNTY, NY, 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 Suffolk County, NY, Inc.
Ronkonkoma, New York

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Suffolk County, NY, Inc. which comprises the statement of financial position as of August 31, 2018 and the related statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
Make-A-Wish Foundation® of 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, 2018 and change in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

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Plymouth Meeting, Pennsylvania
November 14, 2018

MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2018

ASSETS

Cash and Cash Equivalents	\$	387,599
Investments		3,537,399
Due from Related Entities		16,600
Prepaid Expenses		29,527
Contributions Receivable, Net		82,477
Other Assets		23,289
Property and Equipment, Net		<u>20,162</u>
Total Assets	\$	<u><u>4,097,053</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$	73,864
Accrued Pending Wish Costs - Cash		608,000
Accrued Pending Wish Costs - In-Kind		67,000
Other Liabilities		<u>49,150</u>
Total Liabilities		<u><u>798,014</u></u>

NET ASSETS

Unrestricted		3,187,153
Temporarily Restricted		<u>111,886</u>
Total Net Assets		<u><u>3,299,039</u></u>
Total Liabilities and Net Assets	\$	<u><u>4,097,053</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2018

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 1,317,682	\$ 160,180	\$ 1,477,862
Grants	105,900	-	105,900
Total Public Support	1,423,582	160,180	1,583,762
Internal Special Events	524,053	3,000	527,053
Less Costs of Direct Benefits to Donors	(164,766)	-	(164,766)
Total Internal Special Events	359,287	3,000	362,287
Investment Income, Net	189,507	-	189,507
Net Assets Released from Restrictions	159,064	(159,064)	-
Total Revenues, Gains, and Other Support	2,131,440	4,116	2,135,556
EXPENSES			
Program Services:			
Wish Granting	1,844,921	-	1,844,921
Training and Development	2,812	-	2,812
Public Information	6,461	-	6,461
Total Program Services	1,854,194	-	1,854,194
Support Services:			
Fundraising	170,527	-	170,527
Management and General	165,997	-	165,997
Total Support Services	336,524	-	336,524
Total Expenses	2,190,718	-	2,190,718
OTHER (GAINS) LOSSES			
Change in Split Interest Agreements	(592)	-	(592)
Total Other (Gains) Losses	2,190,126	-	2,190,126
CHANGE IN NET ASSETS	(58,686)	4,116	(54,570)
Net Assets - Beginning of Year	3,245,839	107,770	3,353,609
NET ASSETS - END OF YEAR	\$ 3,187,153	\$ 111,886	\$ 3,299,039

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, 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	\$ 962,174	\$ -	\$ -	\$ 962,174	\$ -	\$ -	\$ -	\$ 962,174
Change in Pending Wish Liability	156,000	-	-	156,000	-	-	-	156,000
Salaries, Taxes, and Benefits	501,836	-	-	501,836	129,261	129,260	258,521	760,357
Printing, Subscriptions, and Publications	2,821	-	5,785	8,606	10,718	166	10,884	19,490
Professional Fees	4,968	-	-	4,968	183	1,600	1,783	6,751
Rent and Utilities	68,489	-	-	68,489	8,561	8,561	17,122	85,611
Postage and Delivery	5,793	-	-	5,793	2,665	940	3,605	9,398
Meetings and Conferences	14,943	2,812	676	18,431	2,846	99	2,945	21,376
Office Supplies	18,720	-	-	18,720	2,547	2,326	4,873	23,593
Communications	19,130	-	-	19,130	519	4,918	5,437	24,567
Repairs and Maintenance	32,425	-	-	32,425	5,675	5,623	11,298	43,723
Membership Dues	1,971	-	-	1,971	771	246	1,017	2,988
National Partnership Dues	47,396	-	-	47,396	6,599	5,999	12,598	59,994
Miscellaneous	8,255	-	-	8,255	182	182	364	8,619
Depreciation and Amortization	-	-	-	-	-	6,077	6,077	6,077
Special Event Expenses	-	-	-	-	164,766	-	164,766	164,766
	<u>1,844,921</u>	<u>2,812</u>	<u>6,461</u>	<u>1,854,194</u>	<u>335,293</u>	<u>165,997</u>	<u>501,290</u>	<u>2,355,484</u>
Less Expenses Netted Against Revenues on the Statement of Activities:								
Special Event Expenses	-	-	-	-	(164,766)	-	(164,766)	(164,766)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,844,921</u>	<u>\$ 2,812</u>	<u>\$ 6,461</u>	<u>\$ 1,854,194</u>	<u>\$ 170,527</u>	<u>\$ 165,997</u>	<u>\$ 336,524</u>	<u>\$ 2,190,718</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (54,570)
Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	6,077
Net Realized and Unrealized Gains on Investments	(12,733)
Change in Attrition on Accrued Pending Wish Costs	14,913
(Increase) Decrease in Assets:	
Contributions Receivable	(18,492)
Due from Related Entities	10,552
Prepaid Expenses	(5,065)
Other Assets	1,557
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	(1,571)
Accrued Pending Wish Costs	141,087
Other Liabilities	10,450
Net Cash Provided by Operating Activities	<u>92,205</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(450,626)
Proceeds from Sales of Investments	252,313
Purchases of Property and Equipment	<u>(13,157)</u>
Net Cash Used by Investing Activities	<u>(211,470)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(119,265)
Cash and Cash Equivalents - Beginning of Year	<u>506,864</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 387,599</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

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. Included in cash and cash equivalents at August 31, 2018 is \$279,587 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 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, 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.

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, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Permanently Restricted – 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.

Temporarily Restricted – 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 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:

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Wish Related	\$ 384,367	\$ -	\$ -	\$ 384,367
Professional Services	16,875	-	5,625	22,500
Other	-	6,053	-	6,053
	<u>\$ 401,242</u>	<u>\$ 6,053</u>	<u>\$ 5,625</u>	412,920
Special Events				70,554
Total				<u>\$ 483,474</u>

MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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, 2018. 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.

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.

MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

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.

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.

MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 3 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 [or the board of directors, or Investment Committee, 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 variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Foundation's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.

MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2018:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 1,853,658	\$ -	\$ -	\$ 1,853,658
Real Estate	373,698	-	-	373,698
Bonds	701,506	-	-	701,506
Exchange-Traded Funds:				
Domestic Equity	76,560	-	-	76,560
Certificates of Deposit	-	248,713	-	248,713
Debt Securities:				
Corporate	283,264	-	-	283,264
Total Recurring	3,288,686	248,713	-	3,537,399
Nonrecurring:				
Split-Interest Agreements	-	3,438	-	3,438
Total Nonrecurring	-	3,438	-	3,438
Total Assets	<u>\$ 3,288,686</u>	<u>\$ 252,151</u>	<u>\$ -</u>	<u>\$ 3,540,837</u>

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

Interest and Dividend Income	\$ 176,774
Realized and Unrealized Gains	12,733
Investment Income, Net	<u>\$ 189,507</u>

NOTE 4 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2018 were \$82,477. 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.

MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 5 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 \$3,438 at August 31, 2018, and is included in other assets on the statement of financial position.

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the year ended August 31, 2018, the Foundation received \$374,471 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 \$74,414 were paid from the Foundation to the National Organization during the years ended August 31, 2018.

Amounts due from and to related entities are as follows:

Due from National Organization	\$ 16,600
Total Due from Related Entities	<u>\$ 16,600</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 2018 the Foundation received contributions, both cash and in-kind, from board members totaling \$191,184. There are no amounts due from board members as of August 31, 2018.

MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

Computer Equipment and Software	\$	28,022
Office Furniture		15,992
Other Equipment		5,251
Total		49,265
Less: Accumulated Depreciation		(29,103)
Property and Equipment, Net		\$ 20,162

Depreciation expense totaled \$6,077 for the year ended August 31, 2018.

NOTE 8 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 \$33,000 resulting in adjusted net assets of \$3,332,039.

In 2018, the Foundation made a change in the 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.”

MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 9 LEASES

The Foundation is obligated under various capital 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, 2018 totaled \$62,537.

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

<u>Year Ending August 31,</u>	
2019	\$ 72,960
2020	70,656
2021	68,018
2022	16,710
Total Minimum Lease Payments	<u>\$ 228,344</u>

NOTE 10 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

Time Restrictions	\$ 76,372
Purpose Restrictions	35,514
Total Temporarily Restricted Net Assets	<u>\$ 111,886</u>

NOTE 11 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, 2018 were \$15,000.

NOTE 12 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash, cash equivalents, and investments. The Foundation places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the FDIC insurance coverage limit of \$250,000. From time to time throughout the year, the Foundation's cash balances may exceed the amount of the FDIC insurance coverage.

In-kind contributions totaling \$204,578 were received from a single donor for the year ended August 31, 2018, which represents 13% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 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 14 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through November 14, 2018, 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.