

**MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND
WESTERN NEW YORK, INC.**

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Metro New York and Western New York, Inc.
New York, New York

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of Metro New York and Western New York, 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

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
January 28, 2019

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2018

ASSETS

Investments	\$ 4,744,376
Due from Related Entities	301,098
Prepaid Expenses	125,592
Contributions Receivable, Net	4,329,287
Other Assets	36,711
Restricted Cash	208,134
Investments Held for Long-Term Purposes	9,149,059
Property and Equipment, Net	<u>618,670</u>
Total Assets	<u><u>\$ 19,512,927</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Cash Overdraft	\$ 290,746
Accounts Payable and Accrued Expenses	914,422
Accrued Pending Wish Costs - Cash	5,734,362
Accrued Pending Wish Costs - In-Kinds	1,080,041
Due to Related Entities	91,679
Other Liabilities	228,947
Deferred Rent	<u>204,589</u>
Total Liabilities	<u>8,544,786</u>

NET ASSETS

Unrestricted	2,590,048
Temporarily Restricted	4,801,419
Permanently Restricted	<u>3,576,674</u>
Total Net Assets	<u>10,968,141</u>
Total Liabilities and Net Assets	<u><u>\$ 19,512,927</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 9,731,808	\$ 2,116,069	\$ 1,025	\$ 11,848,902
Grants	364,940	-	-	364,940
Total Public Support	10,096,748	2,116,069	1,025	12,213,842
Internal Special Events	2,999,533	-	-	2,999,533
Less Costs of Direct Benefits to Donors	(615,309)	-	-	(615,309)
Total Internal Special Events	2,384,224	-	-	2,384,224
Investment Income, Net	500,104	335,584	-	835,688
Other Income	62,662	-	-	62,662
Net Assets Released from Restrictions	1,695,220	(1,695,220)	-	-
Total Revenues, Gains, and Other Support	14,738,958	756,433	1,025	15,496,416
EXPENSES				
Program Services:				
Wish Granting	12,119,126	-	-	12,119,126
Program-Related Support	1,164,162	-	-	1,164,162
Training and Development	476,875	-	-	476,875
Public Information	601,850	-	-	601,850
Total Program Services	14,362,013	-	-	14,362,013
Support Services:				
Fundraising	1,928,930	-	-	1,928,930
Management and General	1,640,020	-	-	1,640,020
Total Support Services	3,568,950	-	-	3,568,950
Total Expenses	17,930,963	-	-	17,930,963
CHANGE IN NET ASSETS	(3,192,005)	756,433	1,025	(2,434,547)
Net Assets - Beginning of Year	5,782,053	4,044,986	3,575,649	13,402,688
NET ASSETS - END OF YEAR	<u>\$ 2,590,048</u>	<u>\$ 4,801,419</u>	<u>\$ 3,576,674</u>	<u>\$ 10,968,141</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2018

	Program Services				Support Services				Total
	Wish Granting	Program-Related Support	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 8,627,110	\$ 500	\$ -	\$ -	\$ 8,627,610	\$ -	\$ -	\$ -	\$ 8,627,610
Change in Pending Wish Liability	1,430,545	-	-	-	1,430,545	-	-	-	1,430,545
Salaries, Taxes, and Benefits	1,189,180	512,635	354,248	516,798	2,572,861	1,376,608	1,134,072	2,510,680	5,083,541
Printing, Subscriptions, and Publications	2,932	4,483	4,864	3,364	15,643	22,025	4,963	26,988	42,631
Professional Fees	4,759	35,786	19,975	16,101	76,621	82,258	35,137	117,395	194,016
Rent and Utilities	154,514	163,046	51,248	29,936	398,744	140,383	111,764	252,147	650,891
Postage and Delivery	28,310	10,044	687	467	39,508	17,944	5,453	23,397	62,905
Travel	9,075	2,864	5,642	9,200	26,781	59,534	36,171	95,705	122,486
Meetings and Conferences	9,007	1,545	13,877	4,742	29,171	33,075	11,626	44,701	73,872
Office Supplies	1,507	7,048	1,401	5,122	15,078	5,428	13,329	18,757	33,835
Communications	11,258	28,272	3,398	3,922	46,850	15,098	12,338	27,436	74,286
Repairs and Maintenance	31,486	68,063	10,824	5,846	116,219	40,202	41,095	81,297	197,516
Insurance	4,915	12,987	-	-	17,902	5,480	6,014	11,494	29,396
Bed Debt Expense	1,376	297,733	-	-	299,109	45,056	33,160	78,216	377,325
Membership Dues	112	-	(10)	439	541	425	6,384	6,809	7,350
Grants and Scholarships	156,994	-	-	-	156,994	-	-	-	156,994
Volunteer Training	-	-	-	-	-	-	9,589	9,589	9,589
National Partnership Dues	431,138	-	-	-	431,138	65,489	49,117	114,606	545,744
Miscellaneous	2,774	13,873	1,236	1,490	19,373	6,974	118,488	125,462	144,835
Depreciation	22,134	5,283	9,485	4,423	41,325	12,951	11,320	24,271	65,596
Special Event Expenses	-	-	-	-	-	615,309	-	615,309	615,309
	<u>12,119,126</u>	<u>1,164,162</u>	<u>476,875</u>	<u>601,850</u>	<u>14,362,013</u>	<u>2,544,239</u>	<u>1,640,020</u>	<u>4,184,259</u>	<u>18,546,272</u>
Less Expenses Netted Against Revenues on the Statement of Activities:									
Special Event Expenses	-	-	-	-	-	(615,309)	-	(615,309)	(615,309)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 12,119,126</u>	<u>\$ 1,164,162</u>	<u>\$ 476,875</u>	<u>\$ 601,850</u>	<u>\$ 14,362,013</u>	<u>1,928,930</u>	<u>\$ 1,640,020</u>	<u>\$ 3,568,950</u>	<u>\$ 17,930,963</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (2,434,547)
Adjustments to reconcile Change in Net Assets to Net Cash	
Used by Operating Activities:	
Depreciation	65,596
Bad Debt Expense	377,325
Contributions Restricted for Long-Term Investment	(149,171)
Net Realized and Unrealized Gains on Investments	(579,721)
Change in Discount to Present Value of Contributions Receivable	(6,832)
(Increase) Decrease in Assets:	
Contributions Receivable	(1,920,726)
Due from Related Entities	53,092
Prepaid Expenses	(62,728)
Other Assets	40,800
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	(64,283)
Accrued Pending Wish Costs	1,460,414
Due to Related Entities	(26,514)
Other Liabilities	145,829
Deferred Rent	180,197
Net Cash Used by Operating Activities	(2,921,269)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(4,973,798)
Proceeds from Sales of Investments	7,586,116
Purchases of Property and Equipment	(554,634)
Change in Restricted Cash	(208,134)
Net Cash Provided by Investing Activities	1,849,550

CASH FLOWS FROM FINANCING ACTIVITIES

Contributions Restricted for Long-Term Investment	149,171
Net Cash Provided by Financing Activities	149,171

NET DECREASE IN CASH AND CASH EQUIVALENTS

(922,548)

Cash and Cash Equivalents - Beginning of Year

631,802

CASH OVERDRAFT - END OF YEAR

\$ (290,746)

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Metro New York and Western New York, 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.

The Foundation granted its first wish in 1983 and has granted a total of 13,571 wishes through August 31, 2018. For the year ended August 31, 2018, the Foundation granted 731 wishes, at an average cost per wish of approximately \$11,800. This average reflects the direct cash and in-kind expenses of wishes completed during the respective fiscal year.

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.

Restricted Cash

The Foundation is required by its landlord to maintain a secured letter of credit throughout the term of the lease for office space. This amount is classified as restricted cash on the statement of financial position.

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.

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost of greater than \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 40 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

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 FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

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

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.

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Wish Related	\$ 3,920,887	\$ -	\$ -	\$ 3,920,887
Professional Services	-	245	-	245
Other	-	13,062	-	13,062
	<u>\$ 3,920,887</u>	<u>\$ 13,307</u>	<u>\$ -</u>	3,934,194
Special Events				93,949
Total				<u>\$ 4,028,143</u>

An internal special event is a fundraising 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 Section 7A and the EPTL Section 8-13.4 of the New York State Department of Law Charities Bureau. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2018. The Foundation files income tax returns in the U.S. federal jurisdiction, and applicable state jurisdictions.

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Liabilities

Other liabilities consists of \$163,710 of deferred lease incentive. This represents the unamortized portion of leasehold improvements that were contributed to the Foundation by its landlord during the year ending August 31, 2018. The corresponding leasehold improvement assets are recorded in property and equipment on the accompanying statement of financial position.

The remaining balance of \$65,237 in consists of deferred fees received in advance of fundraising events occurring in the fiscal year ending August 31, 2019.

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 \$204,589 at August 31, 2018.

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 METRO NEW YORK AND WESTERN NEW YORK, 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 METRO NEW YORK AND WESTERN NEW YORK, 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)	Investments Measured at NAV	Total
Assets					
Recurring:					
Investments:					
Mutual Funds:					
Domestic Equity	\$ 4,792,454	\$ -	\$ -	\$ -	\$ 4,792,454
International Equity	2,423,312	-	-	-	2,423,312
Money Market Funds	31,147	-	-	-	31,147
Asset Allocation	1,674,248	-	-	-	1,674,248
Debt Securities:					
Corporate	-	4,972,274	-	-	4,972,274
Total Recurring	<u>8,921,161</u>	<u>4,972,274</u>	<u>-</u>	<u>-</u>	<u>13,893,435</u>
Total Assets	<u>\$ 8,921,161</u>	<u>\$ 4,972,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,893,435</u>

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

Interest and Dividend Income	\$ 326,330
Realized and Unrealized Gains, Net	579,721
Less Investment Expenses	<u>(70,363)</u>
Investment Income, Net	<u>\$ 835,688</u>

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from 1.6% to 7.9% at August 31, 2018. The following is a summary of the Foundation's contributions receivable at August 31, 2018:

Total Amounts Due in:	
Within One Year	\$ 3,199,323
One to Five Years	<u>1,312,938</u>
Gross Contributions Receivable	4,512,261
Less Allowance for Doubtful Accounts	(150,747)
Less Discount to Present Value	<u>(32,227)</u>
Contributions Receivable, Net	<u>\$ 4,329,287</u>

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 5 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 \$2,201,463 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. Amounts totaling \$545,744 were paid from the Foundation to the National Organization during the years ended August 31, 2018.

As part of the National Organization's Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation contributed \$50,000 during the year August 31, 2018.

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 \$62,600 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	\$ 137,116
Due from Other Chapters	163,982
Total Due from Related Entities	<u>\$ 301,098</u>
Due to National Organization	\$ 26,048
Due to Other Chapters	65,631
Total Due to Related Entities	<u>\$ 91,679</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.

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 5 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

During 2018 the Foundation received contributions, both cash and in-kind, from board members totaling \$802,210. In 2018, amounts due from board members totaled \$1,715,441, and are included in contributions receivable in the accompanying statements of financial position.

NOTE 6 PROPERTY AND EQUIPMENT, NET

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

Computer Equipment and Software	\$ 146,945
Office Furniture	146,059
Other Equipment	8,157
Leasehold Improvements	<u>494,249</u>
Total	795,410
Less Accumulated Depreciation	<u>(176,740)</u>
Property and Equipment, Net	<u>\$ 618,670</u>

Depreciation expense totaled \$65,596 for the year ended 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 \$1,566,069 resulting in adjusted net assets of \$12,534,210.

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NOTE 7 ACCRUED PENDING WISH COSTS (CONTINUED)

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 operating leases for offices and equipment, which expire at various dates through August 31, 2025. Total rent expense for all operating leases, including the deferred rent recognized, for the year ended August 31, 2018 totaled \$605,972.

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

<u>Year Ending August 31,</u>	<u>Operating Leases</u>
2019	\$ 513,282
2020	522,106
2021	531,106
2022	521,444
2023	460,934
Thereafter	<u>652,505</u>
Total	<u><u>\$ 3,201,377</u></u>

NOTE 9 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 58 individual funds 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 statements of financial position.

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the New York state 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 permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily 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

Endowment fund composition by type of fund as of August 31, 2018 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ -	\$ 1,564,570	\$ 3,576,674	\$ 5,141,244
Board-Designated Endowment Funds	4,166,481	-	-	4,166,481
Total Funds	<u>\$ 4,166,481</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,307,725</u>

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NOTES TO FINANCIAL STATEMENTS
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NOTE 9 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

Changes in endowment funds for the years ended August 31 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Funds - Beginning of Year	\$ 4,241,545	\$ 1,228,986	\$ 3,575,649	\$ 9,046,180
Investment Return:				
Investment Income	83,775	86,580	-	170,355
Net Appreciation (Realized and Unrealized)	<u>166,544</u>	<u>249,004</u>	<u>-</u>	<u>415,548</u>
Total Investment Return	250,319	335,584	-	585,903
Contributions	88,546	-	1,025	89,571
Reclassification to Endowment Asset	-	-	-	-
Appropriation of Endowment Asset for Expenditure	<u>(413,929)</u>	<u>-</u>	<u>-</u>	<u>(413,929)</u>
Endowment Funds - End of Year	<u>\$ 4,166,481</u>	<u>\$ 1,564,570</u>	<u>\$ 3,576,674</u>	<u>\$ 9,307,725</u>

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets (endowment only):

Permanently Restricted Net Assets:	
Uncollected Pledges Receivable	\$ -
The Portion of Perpetual Endowment Funds that is Required to be Retained Permanently Either by Explicit Donor Stipulation or by UPMIFA	<u>3,576,674</u>
Total Endowment Funds Classified as Permanently Restricted Net Assets	<u>\$ 3,576,674</u>
Temporarily Restricted Net Assets:	
Term Endowment Funds	\$ -
With Purpose Restrictions	<u>1,564,570</u>
Total Endowment Funds Classified as Temporarily Restricted Net Assets	<u>\$ 1,564,570</u>

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. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There are no fund deficiencies as of August 31, 2018.

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 9 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 funds 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 periods 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 of approximately 5% annually. 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 6% 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.

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	\$ 1,614,571
Purpose Restrictions	<u>3,186,848</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 4,801,419</u></u>

For the years ended August 31, 2018 permanently restricted net assets are restricted to:

Investments in Perpetuity, the Income from which is Expendable to Support Any Activities of the Foundation	<u><u>\$ 3,576,674</u></u>
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MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 11 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 4% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2018 were \$70,124.

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 \$2,018,137 were received from a single donor for the year ended August 31, 2018, which represents approximately 17% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

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 January 28, 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.