

**MAKE-A-WISH FOUNDATION OF CENTRAL AND
WESTERN NC**

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

**MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NC
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YEAR ENDED AUGUST 31, 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation of Central and Western NC
Charlotte, North Carolina

We have audited the accompanying financial statements of Make-A-Wish Foundation of Central and Western NC, 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 audits 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 Foundation of Central and Western NC

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 Central and Western NC as of August 31, 2018, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenbelt, Maryland
December 20, 2018

**MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NC
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2018**

ASSETS

ASSETS

Cash and Cash Equivalents	\$	1,591,959
Investments		2,369,385
Due from Related Entities		88,206
Prepaid Expenses		68,356
Contributions Receivable, Net		1,059,367
Other Assets		38,725
Property and Equipment, Net		<u>2,017,472</u>
Total Assets	\$	<u><u>7,233,470</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$	319,968
Accrued Pending Wish Costs - Cash		1,190,558
Accrued Pending Wish Costs - In-Kind		1,387,348
Due to Related Entities		35,592
Capital Lease Obligations		18,318
Notes Payable		<u>1,642,347</u>
Total Liabilities		4,594,131

NET ASSETS

Unrestricted		1,289,644
Temporarily Restricted		<u>1,349,695</u>
Total Net Assets		<u><u>2,639,339</u></u>
Total Liabilities and Net Assets	\$	<u><u>7,233,470</u></u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NC
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2018**

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 4,229,604	\$ 333,460	\$ 4,563,064
Grants	321,696	382,454	704,150
Total Public Support	4,551,300	715,914	5,267,214
Internal Special Events	1,849,247	281,422	2,130,669
Less Costs of Direct Benefits to Donors	(465,923)	-	(465,923)
Total Internal Special Events	1,383,324	281,422	1,664,746
Investment Income, Net	150,839	-	150,839
Other Income	43,601	-	43,601
Net Assets Released from Restrictions	397,365	(397,365)	-
Total Revenues, Gains, and Other Support	6,526,429	599,971	7,126,400
EXPENSES			
Program Services:			
Wish Granting	5,269,502	-	5,269,502
Total Program Services	5,269,502	-	5,269,502
Support Services:			
Fundraising	893,124	-	893,124
Management and General	205,467	-	205,467
Total Support Services	1,098,591	-	1,098,591
Total Expenses	6,368,093	-	6,368,093
CHANGE IN NET ASSETS	158,336	599,971	758,307
Net Assets - Beginning of Year	1,131,308	749,724	1,881,032
NET ASSETS - END OF YEAR	\$ 1,289,644	\$ 1,349,695	\$ 2,639,339

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2018**

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 3,964,361	\$ -	\$ -	\$ -	\$ 3,964,361
Change in Pending Wish Liability	256,892	-	-	-	256,892
Salaries, Taxes, and Benefits	691,337	565,196	164,028	729,224	1,420,561
Printing, Subscriptions, and Publications	14,548	15,284	525	15,809	30,357
Professional Fees	9,334	6,271	8,311	14,582	23,916
Rent and Utilities	45,170	35,428	7,972	43,400	88,570
Postage and Delivery	2,067	2,484	353	2,837	4,904
Travel	16,116	15,843	1,115	16,958	33,074
Meetings and Conferences	54,456	52,285	872	53,157	107,613
Office Supplies	12,519	10,127	2,078	12,205	24,724
Communications	7,403	5,820	1,308	7,128	14,531
Advertising and Media (Cash)	-	18,176	-	18,176	18,176
Advertising and Media (In-Kind)	-	64,720	-	64,720	64,720
Repairs and Maintenance	231	182	41	223	454
Insurance	(2)	(2)	124	122	120
Grants and Scholarships	50,000	-	-	-	50,000
National Partnership Dues	121,679	16,942	15,403	32,345	154,024
Miscellaneous	18,232	80,322	2,427	82,749	100,981
Depreciation and Amortization	5,159	4,046	910	4,956	10,115
Special Event Expenses	-	465,923	-	465,923	465,923
Total	5,269,502	1,359,047	205,467	1,564,514	6,834,016
Less: Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(465,923)	-	(465,923)	(465,923)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 5,269,502	\$ 893,124	\$ 205,467	\$ 1,098,591	\$ 6,368,093

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NC
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 758,307
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	10,115
Net Realized and Unrealized Gains on Investments	(93,650)
Gain on Sale of Property and Equipment	(2,248)
Contributed Property and Equipment, Inventory and Investments	(9,477)
Noncash Donation of Capitalized Assets	(33,714)
(Increase) Decrease in Assets:	
Contributions Receivable	(674,701)
Due from Related Entities	23,729
Prepaid Expenses	(14,742)
Other Assets	21,281
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	44,968
Accrued Pending Wish Costs	256,892
Due to Related Entities	29,541
Net Cash Provided by Operating Activities	316,301

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(80,004)
Proceeds from Sales of Investments	24,580
Purchases of Property and Equipment	(1,979,087)
Net Cash Used by Investing Activities	(2,034,511)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal Payments on Capital Lease Obligations	13,284
Proceeds from Notes Payable	1,642,347
Net Cash Provided by Financing Activities	1,655,631

NET DECREASE IN CASH AND CASH EQUIVALENTS

(62,579)

Cash and Cash Equivalents - Beginning of Year

1,654,538

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 1,591,959

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid for Interest	\$ 6,200
Acquisition of Equipment with Capital Lease Agreement	\$ 21,426
Noncash Donation of Capitalized Assets	\$ 33,714

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 1 ORGANIZATION

Make-A-Wish Foundation of Central and Western NC (the Foundation) is a North Carolina 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.

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 \$9,484 of certificates of deposit, with an initial term of less than three months and \$1,086,849 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.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NC
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 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 three to five years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease(s). 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).

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.

See additional information in Note 3.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NC
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 statement 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 CENTRAL AND WESTERN NC
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:

	Programs	Fundraising	Management and General	Total
Program and Support Services				
Expenses:				
Wish Related	\$ 2,146,669	\$ -	\$ -	\$ 2,146,669
Rent	12,425	9,746	2,193	24,364
Advertising and Media	-	64,720	-	64,720
Other	58,964	28,107	3,638	90,709
Total Program and Support				
Service Expense	\$ 2,218,058	\$ 102,573	\$ 5,831	2,326,462
Special Events				114,133
Change in Donated Inventory (Asset)				(8,553)
Change in Property and Equipment (Capitalized)				337,154
Total				\$ 2,769,196

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.

Advertising and media is used to help the Foundation communicate its message or mission and includes fundraising materials, informational material, or advertising, and may be in the form of an audio or videotape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes.

Donated advertising and media is 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. The Foundation had \$82,896 of advertising expense for the year ended August 31, 2018.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and North Carolina income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 55A of the General Statutes of North Carolina. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

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

Functional Expenses

The Foundation performs three functions: wish granting, fundraising, and management and general. Definitions of these functions are as follows:

Wish Granting

Activities performed by the Foundation in granting wishes to children with critical illnesses.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal year ended August 31, 2018, the Foundation incurred no significant joint costs for activities that include fundraising appeals.

Management and General

All costs not identifiable with a specific program 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 CENTRAL AND WESTERN NC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates

The preparation of financial statements in conformity with 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. Significant items subject to such estimates and assumptions include the valuation of investments, contributions receivable, in-kind contributions, accrued pending wish costs net of attrition, whether an allowance for uncollectible contributions receivable is required and the allocation of expenses to their functional categories.

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 as of 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 CENTRAL AND WESTERN NC
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:				
Cash:				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 103,739
Investments:				
Mutual Funds:				
Domestic Equity	814,191	-	-	814,191
International Equity	432,087	-	-	432,087
Real Estate	54,867	-	-	54,867
Asset Allocation	407,881	-	-	407,881
Commodities	59,065	-	-	59,065
Bonds	497,555	-	-	497,555
Total	<u>\$ 2,265,646</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,369,385</u>

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

Interest and Dividend Income	\$ 81,769
Realized and Unrealized Gain (Loss), Net	93,650
Less Investment Expenses	<u>(24,580)</u>
Investment Income (Loss), Net	<u>\$ 150,839</u>

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at a rate of 0.40% at August 31, 2018. The following is a summary of the Foundation's contributions receivable at August 31:

Total Amounts Due in:	
Within One Year	\$ 630,839
One to Five Years	400,000
More than Five Years	<u>100,000</u>
Gross Contributions Receivable	1,130,839
Less Allowance for Doubtful Accounts	-
Less Discount to Present Value	<u>(71,472)</u>
Contributions Receivable, Net	<u><u>\$ 1,059,367</u></u>

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 \$822,356 from these national revenue streams.

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 ended August 31, 2018.

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 \$174,867 was paid from the Foundation to the National Organization during the year ended 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 \$5,250 for the year ended August 31, 2018, which is recorded in the accompanying statement of activities as other income.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 5 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Amounts due from and to related entities are as follows:

Balance at August 31, 2018		
Due from National Organization	\$	80,023
Due from Other Chapters		8,183
Total Due from Related Entities	<u>\$</u>	<u>88,206</u>
Due to National Organization	\$	4,900
Due to Other Chapters		30,692
Total Due to Related Entities	<u>\$</u>	<u>35,592</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 \$59,430. There were no amounts due from board members in 2018. No amounts were paid to related parties for goods and services used in the Foundation's operations in 2018.

NOTE 6 PROPERTY AND EQUIPMENT, NET

Property and equipment as of August 31 consist of the following:

Computer Equipment and Software	\$	45,902
Office Furniture		4,865
Other Equipment		31,878
Leasehold Improvements		6,906
Land and Land Improvements		340,000
Buildings and Building Improvements		1,655,871
		<u>2,085,422</u>
Less: Accumulated Depreciation and Amortization		(67,950)
Property and Equipment, Net	<u>\$</u>	<u>2,017,472</u>

Depreciation and amortization expense totaled \$10,115 for the year ended August 31, 2018.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 7 ACCRUED PENDING WISH COSTS

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

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

Estimated cash and in-kind costs are accrued as pending wish liability at year-end for all reportable approved pending wishes. The in-kind portion of the pending wish liability includes the estimated in-kind expenses that are expected to be incurred in fulfilling each wish even though the matching in-kind revenues are not recognized until the in-kind goods or services, or an unconditional promise for those in-kind goods or services, are received. Although not fully guaranteed, if the related expected in-kind revenue were recognized in the same fiscal period as the expected in-kind expense, total net assets at August 31, 2018, would increase by \$1,387,348 resulting in adjusted net assets of \$4,026,687.

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.

MAKE-A-WISH FOUNDATION OF CENTRAL AND WESTERN NC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 8 NOTES PAYABLE

On July 31, 2018, the Foundation entered into a note payable with a financial institution totaling \$1,649,000. The note bears interest at 3.85%, requires principal payments in equal monthly installments of \$12,120, and matures on July 31, 2023, at which time the final balloon payment is due. The collateral on this note is commercial property the Foundation purchased during the fiscal year. The remaining principal payments subsequent to August 31, 2018, are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2019	\$ 82,814
2020	85,939
2021	89,520
2022	93,078
2023	<u>1,290,996</u>
Total	<u>\$ 1,642,347</u>

NOTE 9 LEASES

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through February 2023. As of August 31, 2018, the cost of leased property and equipment under capital leases was \$21,426 and accumulated depreciation was \$3,107. Total rent expense for all operating leases for the year ended August 31, 2018, totaled \$38,959.

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

<u>Year Ending August 31,</u>	<u>Operating Leases</u>	<u>Capital Leases</u>
2019	\$ 16,432	\$ 4,534
2020	-	4,534
2021	-	4,534
2022	-	4,534
2023	-	1,889
Total Minimum Lease Payments	<u>16,432</u>	<u>20,025</u>
Less: Amounts Representing Interest	-	(1,707)
Present Value of Net Minimum Lease Payments	<u>\$ 16,432</u>	<u>\$ 18,318</u>

The Foundation purchased a new wish house that will be utilized beginning in fiscal year 2019. As such, the operating lease at the current wish house was not renewed.

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NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

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

Time Restrictions	\$ 832,932
Purpose Restrictions	<u>516,763</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 1,349,695</u></u>

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 3% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2018, were \$26,107.

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 \$1,237,493 were received from a single donor for the year ended August 31, 2018, which represents 23% 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 December 20, 2018, the date at which the financial statements were available to be issued.