

**MAKE-A-WISH FOUNDATION® OF COLORADO**

**FINANCIAL STATEMENTS**

**YEAR ENDED AUGUST 31, 2018**

**MAKE-A-WISH FOUNDATION® OF COLORADO  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of Colorado  
Greenwood Village, Colorado

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Colorado, 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 Colorado

***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 Colorado 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**

Minneapolis, Minnesota  
January 8, 2019

**MAKE-A-WISH FOUNDATION® OF COLORADO**  
**STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2018**

**ASSETS**

Cash and Cash Equivalents	\$	1,783,937
Investments		1,087,607
Due from Related Entities		90,904
Prepaid Expenses		10,480
Contributions Receivable, Net		365,637
Other Assets		32,161
Property and Equipment, Net		<u>42,516</u>
Total Assets	\$	<u><u>3,413,242</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable and Accrued Expenses	\$	359,400
Accrued Pending Wish Costs - Cash		1,552,778
Accrued Pending Wish Costs - In-Kind		897,961
Due to Related Entities		28,386
Other Liabilities		19,500
Deferred Rent		19,077
Capital Lease Obligations		<u>28,679</u>
Total Liabilities		<u>2,905,781</u>

**NET ASSETS**

Unrestricted		245,753
Temporarily Restricted		<u>261,708</u>
Total Net Assets		<u><u>507,461</u></u>
Total Liabilities and Net Assets	\$	<u><u>3,413,242</u></u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF COLORADO**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2018**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Public Support:				
Contributions, Net of Write-Offs	\$ 4,661,468	\$ 223,847	\$ -	\$ 4,885,315
Grants	132,426	-	-	132,426
Total Public Support	4,793,894	223,847	-	5,017,741
Internal Special Events	673,236	-	-	673,236
Less Costs of Direct Benefits to Donors	(130,963)	-	-	(130,963)
Total Internal Special Events	542,273	-	-	542,273
Investment Income (Loss), Net	80,464	-	-	80,464
Other Income	8,616	2,726	-	11,342
Net Assets Released from Restrictions	320,830	(320,830)	-	-
Total Revenues, Gains, and Other Support	5,746,077	(94,257)	-	5,651,820
<b>EXPENSES</b>				
Program Services:				
Wish Granting	4,569,444	-	-	4,569,444
Total Program Services	4,569,444	-	-	4,569,444
Support Services:				
Fundraising	602,318	-	-	602,318
Management and General	489,717	-	-	489,717
Total Support Services	1,092,035	-	-	1,092,035
Total Expenses	5,661,479	-	-	5,661,479
<b>CHANGE IN NET ASSETS</b>	84,598	(94,257)	-	(9,659)
Net Assets - Beginning of Year	161,155	355,965	-	517,120
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 245,753</u>	<u>\$ 261,708</u>	<u>\$ -</u>	<u>\$ 507,461</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF COLORADO**  
**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	\$ 3,118,612	\$ -	\$ -	\$ -	\$ 3,118,612
Change in Pending Wish Liability	503,898	-	-	-	503,898
Salaries, Taxes, and Benefits	600,293	338,189	396,506	734,695	1,334,988
Printing, Subscriptions, and Publications	5,077	28,289	973	29,262	34,339
Professional Fees	43,113	40,738	17,003	57,741	100,854
Rent and Utilities	83,567	39,604	32,770	72,374	155,941
Postage and Delivery	5,052	4,647	1,697	6,344	11,396
Travel	7,043	7,905	403	8,308	15,351
Meetings and Conferences	35,930	15,721	1,550	17,271	53,201
Office Supplies	6,546	3,560	1,497	5,057	11,603
Communications	7,239	3,943	2,968	6,911	14,150
Advertising and Media (Cash)	-	45,889	-	45,889	45,889
Repairs and Maintenance	5,154	2,360	2,021	4,381	9,535
Bad debt expense	-	9,305	-	9,305	9,305
National Partnership Dues	111,660	15,548	14,134	29,682	141,342
Miscellaneous	27,375	42,506	14,739	57,245	84,620
Depreciation and Amortization	8,885	4,114	3,456	7,570	16,455
Special Event Expenses	-	130,963	-	130,963	130,963
	<u>4,569,444</u>	<u>733,281</u>	<u>489,717</u>	<u>1,222,998</u>	<u>5,792,442</u>
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(130,963)	-	(130,963)	(130,963)
	<u>-</u>	<u>(130,963)</u>	<u>-</u>	<u>(130,963)</u>	<u>(130,963)</u>
 Total Expenses Included in the Expense Section of the Statement of Activities	 <u>\$ 4,569,444</u>	 <u>602,318</u>	 <u>\$ 489,717</u>	 <u>\$ 1,092,035</u>	 <u>\$ 5,661,479</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF COLORADO**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED AUGUST 31, 2018**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ (9,659)
Adjustments to reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	16,455
Net Realized and Unrealized Gains on Investments	(35,605)
Contributed Property and Equipment	(5,220)
(Increase) Decrease in Assets:	
Contributions Receivable	(12,804)
Due from Related Entities	7,552
Prepaid Expenses	18,950
Other Assets	(30,842)
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	60,339
Accrued Pending Wish Costs	503,898
Due to Related Entities	(11,706)
Other Liabilities	(57,223)
Deferred Rent	(6,869)
Net Cash Provided by Operating Activities	<u>437,266</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of Investments	(11,026)
Proceeds from Sales of Investments	310,270
Purchases of Property and Equipment	(5,937)
Net Cash Provided by Investing Activities	<u>293,307</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal Payments on Capital Lease Obligations	(3,096)
Net Cash Used by Financing Activities	<u>(3,096)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	727,477
Cash and Cash Equivalents - Beginning of Year	<u>1,056,460</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 1,783,937</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>	
Contributed Investments	\$ 11,019
Acquisition of Equipment Through a Capital Lease	31,775

See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION® OF COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 1 ORGANIZATION**

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (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 \$1,256,982 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 \$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 10 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 COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment, Net (Continued)**

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

**Fair Value Measurements**

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

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

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

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

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

**Net Assets**

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

Permanently Restricted – Net assets 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.

**MAKE-A-WISH FOUNDATION® OF COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discounts is recorded as additional contributions revenue. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, 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.

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
Wish Related	\$ 1,275,247	\$ -	\$ -	\$ 1,275,247
Professional Services	64	3,120	26	3,210
Other	694	321	270	1,285
	<u>\$ 1,276,005</u>	<u>\$ 3,441</u>	<u>\$ 296</u>	1,279,742
Special Events				7,088
Investments (Asset)				11,019
Property and Equipment (Capitalized)				2,088
Total				<u>\$ 1,299,937</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.

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.

**MAKE-A-WISH FOUNDATION® OF COLORADO**  
**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 Colorado income taxes under the provisions of the Internal Revenue Code Section 501(c)(3). However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 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.

**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.

**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 \$19,077 at August 31, 2018.

**Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**MAKE-A-WISH FOUNDATION® OF COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 3 FAIR VALUE MEASUREMENTS**

**Fair Value of Financial Instruments**

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

The fair values of the financial instruments shown in the following table as of August 31, 2018 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

**Investments**

**Overall Investment Objective**

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

**MAKE-A-WISH FOUNDATION® OF COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Investments (Continued)**

**Allocation of Investment Strategies (Continued)**

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

**Fair Value Hierarchy**

The following table presents the fair value hierarchy of assets 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
<b>Assets</b>					
Recurring:					
Investments:					
Mutual Funds:					
Domestic Equity	\$ 175,777	\$ -	\$ -	\$ -	\$ 175,777
International Equity	126,942	-	-	-	126,942
Bonds	360,625	-	-	-	360,625
Exchange-Traded Funds:					
Domestic Equity	127,699	-	-	-	127,699
International Equity	83,620	-	-	-	83,620
Bonds	188,790	-	-	-	188,790
Real Estate	24,154	-	-	-	24,154
Total Assets	<u>\$ 1,087,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,087,607</u>

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

Interest and Dividend Income	\$ 44,859
Realized and Unrealized Gains (Losses), Net	35,605
Investment Income (Loss), Net	<u>\$ 80,464</u>

**NOTE 4 CONTRIBUTIONS RECEIVABLE**

The Foundation's contributions receivable as of August 31, 2018 were \$365,637. All contributions receivable are due within the next twelve 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 COLORADO**  
**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 \$968,581 from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation of America pays on behalf of the Foundation and for services provided to the Foundation by the National Organization. Amounts totaling \$181,434 were 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 \$7,950 for the year ended August 31, 2018, which is recorded in the accompanying statement of activities as other income.

Amounts due from and to related entities are as follows:

Balance - August 31, 2018:	
Due from National Organization	\$ 89,937
Due from Other Chapters	967
Total Due from Related Entities	<u>\$ 90,904</u>
Due to National Organization	\$ 7,150
Due to Other Chapters	21,236
Total Due to Related Entities	<u>\$ 28,386</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 \$218,561.

**MAKE-A-WISH FOUNDATION® OF COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 6 PROPERTY AND EQUIPMENT, NET**

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

Computer Equipment and Software	\$ 39,172
Office Furniture	<u>84,582</u>
Total	123,754
Less Accumulated Depreciation and Amortization	<u>(81,238)</u>
Property and Equipment, Net	<u><u>\$ 42,516</u></u>

Depreciation and amortization expense totaled \$16,455 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 \$674,114 resulting in adjusted net assets of \$1,181,575.

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 within 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 COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 8 LEASES**

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through November 1, 2022. As of August 31, 2018, the cost of leased property and equipment under capital leases was \$31,755 and accumulated depreciation was \$5,296. Total rent expense for all operating leases for the year ended August 31, 2018 totaled \$155,940.

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	\$ 159,610	\$ 10,800
2020	147,876	10,800
2021	-	10,800
2022	-	10,800
2023	-	1,800
Total Minimum Lease Payments	<u>307,486</u>	<u>45,000</u>
Less Amounts Representing Interest	-	(16,321)
Present Value of Net Minimum Lease Payments	<u><u>\$ 307,486</u></u>	<u><u>\$ 28,679</u></u>

**NOTE 9 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

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

Time Restrictions	\$ 37,861
Purpose Restrictions	<u>223,847</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 261,708</u></u>

**NOTE 10 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 5% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2018 were \$56,104.

**MAKE-A-WISH FOUNDATION® OF COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 CONCENTRATIONS OF CREDIT RISK**

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

In-kind contributions totaling \$720,755 were received from a single donor for the year ended August 31, 2018, which represents 21% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

**NOTE 12 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through January 8, 2019, the date at which the financial statements were available to be issued.