

MAKE-A-WISH FOUNDATION® OF WISCONSIN

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

**MAKE-A-WISH FOUNDATION® OF WISCONSIN
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YEAR ENDED AUGUST 31, 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Wisconsin
Wauwatosa, Wisconsin

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 Wisconsin

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 13, 2018

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

ASSETS

Cash and Cash Equivalents	\$ 293,821
Investments	3,850,289
Due from Related Entities	68,972
Prepaid Expenses	43,317
Contributions Receivable, Net	767,833
Other Assets	42,739
Investments Held for Long-Term Purposes	8,795,347
Property and Equipment, Net	<u>735,018</u>
 Total Assets	 <u><u>\$ 14,597,336</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 484,150
Accrued Pending Wish Costs - Cash	1,323,034
Accrued Pending Wish Costs - In-Kinds	1,102,480
Due to Related Entities	25,919
Deferred Rent	<u>397,941</u>
Total Liabilities	3,333,524

NET ASSETS

Unrestricted	10,177,138
Temporarily Restricted	<u>1,086,674</u>
Total Net Assets	<u>11,263,812</u>
 Total Liabilities and Net Assets	 <u><u>\$ 14,597,336</u></u>

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 6,156,746	\$ 745,655	\$ 6,902,401
Grants	470,165	-	470,165
Total Public Support	6,626,911	745,655	7,372,566
Special Events:			
Internal Special Events	2,351,899	354,846	2,706,745
Less: Costs of Direct Benefits to Donors	(861,246)	-	(861,246)
Total Special Events	1,490,653	354,846	1,845,499
Investment Income, Net	1,297,305	-	1,297,305
Other Income	5,648	-	5,648
Net Assets Released from Restrictions	512,056	(512,056)	-
Total Revenues, Gains, and Other Support	9,932,573	588,445	10,521,018
EXPENSES			
Program Services:			
Wish Granting	6,928,848	-	6,928,848
Support Services:			
Fundraising	1,440,787	-	1,440,787
Management and General	420,060	-	420,060
Total Support Services	1,860,847	-	1,860,847
Total Expenses	8,789,695	-	8,789,695
CHANGE IN NET ASSETS	1,142,878	588,445	1,731,323
Net Assets - Beginning of Year	9,034,260	498,229	9,532,489
NET ASSETS - END OF YEAR	\$ 10,177,138	\$ 1,086,674	\$ 11,263,812

See accompanying Notes to Financial Statements.

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

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 1,731,323
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation and Amortization	147,492
Net Realized and Unrealized Gains on Investments	(1,036,878)
Contributed Property and Equipment, Inventory and Investments	(21,740)
Changes in Assets and Liabilities:	
Contributions Receivable	(187,741)
Due from Related Entities	7,444
Prepaid Expenses	7,562
Other Assets	5,604
Accounts Payable and Accrued Expenses	49,463
Accrued Pending Wish Costs	(103,657)
Due to Related Entities	7,490
Deferred Rent	(35,431)
Net Cash Provided by Operating Activities	570,931

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(1,559,292)
Proceeds from Sales of Investments	1,202,956
Purchases of Property and Equipment	(61,690)
Net Cash Used by Investing Activities	(418,026)

NET INCREASE IN CASH AND CASH EQUIVALENTS

	152,905
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Cash and Cash Equivalents - Beginning of Year	140,916
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CASH AND CASH EQUIVALENTS - END OF YEAR

	\$ 293,821
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SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Fixed Asset Additions Included in Accounts Payable	\$ 20,997
Contributed Property and Equipment	\$ 21,740

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF WISCONSIN
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	\$ 5,264,689	\$ -	\$ -	\$ -	\$ 5,264,689
Change in Pending Wish Liability	(103,657)	-	-	-	(103,657)
Salaries, Taxes, and Benefits	836,966	860,108	299,662	1,159,770	1,996,736
Printing, Subscriptions, and Publications	2,421	118,109	47	118,156	120,577
Professional Fees	33,578	36,185	11,388	47,573	81,151
Rent and Utilities	100,297	84,513	23,381	107,894	208,191
Postage and Delivery	21,577	35,815	6,258	42,073	63,650
Travel	8,189	26,010	2,092	28,102	36,291
Meetings and Conferences	22,937	78,947	3,402	82,349	105,286
Office Supplies	13,568	12,514	4,874	17,388	30,956
Communications	26,539	22,337	6,173	28,510	55,049
Repairs and Maintenance	16,473	19,948	3,827	23,775	40,248
Membership Dues	6,034	8,619	1,421	10,040	16,074
Grants and Scholarships	350,000	-	-	-	350,000
National Partnership Dues	197,167	24,958	27,454	52,412	249,579
Miscellaneous	61,141	52,798	13,444	66,242	127,383
Depreciation and Amortization	70,929	59,926	16,637	76,563	147,492
Special Event Expenses	-	861,246	-	861,246	861,246
Total Expenses	6,928,848	2,302,033	420,060	2,722,093	9,650,941
Less Expenses Netted Against Revenue on the Statement of Activities:					
Special Event Expenses	-	(861,246)	-	(861,246)	(861,246)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 6,928,848	\$ 1,440,787	\$ 420,060	\$ 1,860,847	\$ 8,789,695

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Wisconsin (the Foundation) is a Wisconsin 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 (the 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 accounting principles generally accepted in the United States of America 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 \$16,609 of certificates of deposit with an initial term of less than three months and \$136,712 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 greater than \$300 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. 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 WISCONSIN
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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Permanently Restricted – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for unrestricted purposes.

Temporarily Restricted – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.

Unrestricted – Net assets that are not subject to donor-imposed restrictions or law.

Revenue Recognition

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discounts is recorded as additional contributions revenue. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

MAKE-A-WISH FOUNDATION® OF WISCONSIN
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	\$ 2,540,819	\$ -	\$ -	\$ 2,540,819
Professional Services	4,076	3,721	3,033	10,830
Rent	19,731	16,670	1,250	37,651
Other	20,640	27,464	4,818	52,922
Total	<u>\$ 2,585,266</u>	<u>\$ 47,855</u>	<u>\$ 9,101</u>	2,642,222
Special Events				518,539
Rent Receivable				133,800
Property and Equipment (Capitalized)				21,740
Total				<u>\$ 3,316,301</u>

An internal special event is a fund-raising event coordinated and staffed by Foundation personnel rather than a third-party support group or organization. It is designed to attract people for the purpose of raising mission awareness, for increasing funding from existing donors, and the cultivation of future donors. Internal special event in-kind amounts are donated items recorded at fair value that are used in facilitating the event. Examples of such donated items are generally food, beverage, facility costs, and auction items.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Wisconsin taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Chapter 181 of the Wisconsin Revenue and Taxation Code. 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

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 single program or fundraising activity, 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 \$397,941 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.

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 WISCONSIN
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, which oversees the Foundation's investment program in accordance with established guidelines.

Fair Value Hierarchy

The following table presents the fair value hierarchy of assets that are measured at fair value on a recurring basis at August 31, 2018:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Bonds	\$ 3,643,382	\$ -	\$ -	\$ 3,643,382
Exchange-Traded Funds:				
Domestic Equity	5,772,485	-	-	5,772,485
International Equity	1,933,673	-	-	1,933,673
Equity Securities:				
U.S. Corporate Equity Securities	1,296,096	-	-	1,296,096
Total Investments	<u>\$ 12,645,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,645,636</u>

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

Interest and Dividend Income	\$ 260,427
Realized and Unrealized Gains, Net	<u>1,036,878</u>
Investment Income, Net	<u>\$ 1,297,305</u>

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

NOTE 4 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2018 consist of the following:

Total Amounts Due in:	
Within One Year	\$ 645,300
One to Five Years	122,533
Contributions Receivable, Net	<u><u>\$ 767,833</u></u>

Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at 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 \$831,619 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 \$350,000 during the year August 31, 2018.

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 by the National Organization. Amounts totaling \$249,579 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 \$5,925 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:

Due from National Organization	\$ 63,267
Due from Other Chapters	5,705
Total Due from Related Entities	<u><u>\$ 68,972</u></u>
Due to National Organization	\$ 5,397
Due to Other Chapters	20,522
Total Due to Related Entities	<u><u>\$ 25,919</u></u>

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

NOTE 5 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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 from board members totaling \$48,650.

NOTE 6 PROPERTY AND EQUIPMENT, NET

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

Computer Equipment and Software	\$ 132,282
Office Furniture	267,608
Leasehold Improvements	776,248
Total	<u>1,176,138</u>
Less: Accumulated Depreciation and Amortization	(441,120)
Property and Equipment, Net	<u><u>\$ 735,018</u></u>

Depreciation and amortization expense totaled \$147,492 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

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

NOTE 7 ACCRUED PENDING WISH COSTS (CONTINUED)

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 \$747,634, resulting in adjusted net assets of \$12,011,446.

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 September 31, 2026. Total rent expense for all operating leases for the year ended August 31, 2018 totaled \$208,191.

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	\$ 117,356
2020	120,290
2021	123,298
2022	126,380
2023	129,540
2024 and Following	420,168
Total Minimum Lease Payments	<u>\$ 1,037,032</u>

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

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

Time Restrictions	<u>\$ 1,086,674</u>
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MAKE-A-WISH FOUNDATION® OF WISCONSIN
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 10 RETIREMENT PLAN

The Foundation has a defined board-designated Simplified Employee Pension retirement plan (the Plan). Under the provisions of the Plan, eligible employees receive a distribution at the end of the fiscal year based on board vote, between 0% and 15% of the employee's gross salary. Foundation contributions to the Plan for the year ended August 31, 2018 were \$206,148.

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 \$1,029,466 were received from one donor for the year ended August 31, 2018, which represents 14% 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 December 13, 2018, the date at which the financial statements were available to be issued.