

**MAKE-A-WISH FOUNDATION® OF
SOUTHERN FLORIDA**

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

**MAKE-A-WISH FOUNDATION OF SOUTHERN FLORIDA
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YEAR ENDED AUGUST 31, 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation of Southern Florida
Fort Lauderdale, Florida

We have audited the accompanying financial statements of Make-A-Wish Foundation of Southern Florida (the Foundation), 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 audit 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 Southern Florida

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 Southern Florida as of August 31, 2018, and changes 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

Lakeland, Florida
January 4, 2019

MAKE-A-WISH FOUNDATION OF SOUTHERN FLORIDA
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2018

ASSETS

Cash and Cash Equivalents	\$	3,178,942
Investments		6,398,687
Due from Related Entities		266,037
Prepaid Expenses		267,934
Contributions Receivable, Net		12,738,806
Other Assets		36,002
Restricted Cash		2,923,304
Investments Held for Long-Term Purposes		2,300,693
Property and Equipment, Net		121,679
Beneficial Interest in Assets Held by Others		724,896
		<u>28,956,980</u>
Total Assets	\$	<u>28,956,980</u>

LIABILITIES AND NET ASSETS

Accounts Payable and Accrued Expenses	\$	718,096
Accrued Pending Wish Costs - Cash		2,018,479
Accrued Pending Wish Costs - In-Kind		1,082,133
Due to Related Entities		45,988
Other Liabilities		322,833
Deferred Rent		5,260
Total Liabilities		<u>4,192,789</u>

COMMITMENTS AND CONTINGENCIES

NET ASSETS

Unrestricted		6,233,518
Temporarily Restricted		14,429,121
Permanently Restricted		4,101,552
Total Net Assets		<u>24,764,191</u>
Total Liabilities and Net Assets	\$	<u>28,956,980</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF SOUTHERN FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2018**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUES				
Public Support:				
Contributions	\$ 5,645,313	\$ 372,740	\$ 426,683	\$ 6,444,736
Grants	470,728	143,137	400,000	1,013,865
Total Public Support	<u>6,116,041</u>	<u>515,877</u>	<u>826,683</u>	<u>7,458,601</u>
Internal Special Events	8,086,049	-	-	8,086,049
Less: Costs of Direct Benefits to Donors	<u>(3,647,762)</u>	<u>-</u>	<u>-</u>	<u>(3,647,762)</u>
Total Internal Special Events	4,438,287	-	-	4,438,287
Investment Income, Net	570,058	8,704	-	578,762
Other Operating Income	62,378	-	-	62,378
Change in Value of Beneficial Interest in Restricted Trusts	-	-	32,421	32,421
Net Assets Released from Restrictions	<u>703,308</u>	<u>(703,308)</u>	<u>-</u>	<u>-</u>
Total Operating Revenues	<u>11,890,072</u>	<u>(178,727)</u>	<u>859,104</u>	<u>12,570,449</u>
OPERATING EXPENSES				
Program Services:				
Wish Granting	<u>8,083,542</u>	<u>-</u>	<u>-</u>	<u>8,083,542</u>
Support Services:				
Fundraising	2,197,136	-	-	2,197,136
Management and General	<u>473,877</u>	<u>-</u>	<u>-</u>	<u>473,877</u>
Total Support Services	2,671,013	-	-	2,671,013
Total Operating Expenses	<u>10,754,555</u>	<u>-</u>	<u>-</u>	<u>10,754,555</u>
CHANGE IN OPERATING NET ASSETS	1,135,517	(178,727)	859,104	1,815,894
NONOPERATING ACTIVITY				
Contributions	-	2,957,336	-	2,957,336
Other Nonoperating Expenses	(6,047)	-	-	(6,047)
Bad Debt Expense	<u>-</u>	<u>(32,785)</u>	<u>-</u>	<u>(32,785)</u>
Total Nonoperating Activity	(6,047)	2,924,551	-	2,918,504
Transfer from Related Party	<u>1,007</u>	<u>-</u>	<u>692,475</u>	<u>693,482</u>
CHANGE IN NET ASSETS	1,130,477	2,745,824	1,551,579	5,427,880
Net Assets - Beginning of Year	<u>5,103,041</u>	<u>11,683,297</u>	<u>2,549,973</u>	<u>19,336,311</u>
NET ASSETS - END OF YEAR	<u>\$ 6,233,518</u>	<u>\$ 14,429,121</u>	<u>\$ 4,101,552</u>	<u>\$ 24,764,191</u>

See accompanying Notes to Financial Statements.

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

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 5,427,880
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	14,739
Bad Debt Expense	32,785
Transfer from Related Party	(693,482)
Contributions Restricted for Long-Term Investment	(420,000)
Contributions Restricted for Investment in Property and Equipment	(1,665,834)
Net Realized and Unrealized Gains on Investments	(430,115)
Change in Value of Beneficial Interest in Trusts	(32,421)
Change in Discount to Present Value of Contributions Receivable	264,703
Changes in Assets and Liabilities:	
Due from Related Entities	(62,395)
Prepaid Expenses	263,720
Contributions Receivable	(1,231,368)
Other Assets	(3,224)
Accounts Payable and Accrued Expenses	298,057
Accrued Pending Wish Costs	673,264
Due to Related Entities	7,495
Other Liabilities	(152,371)
Deferred Rent	(50,276)
Net Cash Provided by Operating Activities	2,241,157

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(3,690,549)
Proceeds from Sales of Investments	2,885,501
Purchases of Property and Equipment	(19,984)
Net Cash Used by Investing Activities	(825,032)

CASH FLOWS FROM FINANCING ACTIVITIES

Contributions Restricted for Long-Term Investment	420,000
Contributions Restricted for Investment in Property and Equipment	1,665,834
Change in Restricted Cash	(1,805,834)
Net Cash Provided by Financing Activities	280,000

NET INCREASE IN CASH AND CASH EQUIVALENTS

1,696,125

Cash and Cash Equivalents - Beginning of Year

1,482,817

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 3,178,942

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF SOUTHERN FLORIDA
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	\$ 5,495,809	\$ -	\$ -	\$ -	\$ 5,495,809
Change in Pending Wish Liability	673,264	-	-	-	673,264
Salaries, Taxes, and Benefits	1,185,308	1,517,372	367,976	1,885,348	3,070,656
Printing, Subscriptions, and Publications	13,617	16,227	899	17,126	30,743
Professional Fees	45,432	108,397	1,100	109,497	154,929
Rent and Utilities	127,825	163,995	42,321	206,316	334,141
Postage and Delivery	5,099	17,733	1,301	19,034	24,133
Travel	10,653	34,321	192	34,513	45,166
Meetings and Conferences	50,636	120,864	246	121,110	171,746
Office Supplies	39,767	70,510	4,051	74,561	114,328
Communications	18,381	31,416	7,485	38,901	57,282
Advertising and Media (Cash)	3,072	9,247	-	9,247	12,319
Repairs and Maintenance	35,112	49,533	13,750	63,283	98,395
Insurance	2,286	2,869	702	3,571	5,857
Membership Dues	3,939	5,825	168	5,993	9,932
Grants and Scholarships	100,000	-	-	-	100,000
Volunteer Training	35,072	138	-	138	35,210
National Partnership Dues	222,481	30,978	28,162	59,140	281,621
Miscellaneous	10,435	10,403	3,447	13,850	24,285
Depreciation and Amortization	5,354	7,308	2,077	9,385	14,739
Special Event Expenses	-	3,647,762	-	3,647,762	3,647,762
Total	8,083,542	5,844,898	473,877	6,318,775	14,402,317
Less: Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(3,647,762)	-	(3,647,762)	(3,647,762)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 8,083,542	\$ 2,197,136	\$ 473,877	\$ 2,671,013	\$ 10,754,555

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with auditing standards generally accepted in the United States of America (GAAP) applicable to nonprofit entities.

Measure of Operations

In the statement of activities, the Foundation includes in its definition of operations all resources and expenses that are an integral part of its program and supporting activities. Nonoperating activity consists of contributions that are restricted by donors for the construction of capital assets and certain professional fees related to those fundraising activities.

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 \$405,427 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 SOUTHERN FLORIDA
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 \$750 and a useful life of three or more years 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. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 5 years. 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.

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 the measurement date.

MAKE-A-WISH FOUNDATION OF SOUTHERN FLORIDA
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 – 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 – 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 – 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 discount is recorded as additional contribution 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 related 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 SOUTHERN FLORIDA
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 for the year ended August 31, 2018 as follows:

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Wish Related	\$ 1,861,973	\$ -	\$ -	\$ 1,861,973
Professional Services	1,480	1,298	242	3,020
Other	20	7,435	272	7,727
Total	<u>\$ 1,863,473</u>	<u>\$ 8,733</u>	<u>\$ 514</u>	<u>1,872,720</u>
Special Events				<u>1,083,858</u>
Total				<u>\$ 2,956,578</u>

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

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Florida income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 12-A of the Florida statutes, Chapter 212. 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 state of Florida jurisdiction.

MAKE-A-WISH FOUNDATION OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 \$5,260 at August 31, 2018.

Management Estimates

The preparation of financial statements in accordance with auditing standards 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 SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 3 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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 of directors or the Executive Committee, 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.

MAKE-A-WISH FOUNDATION OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments (Continued)

Allocation of Investment Strategies (Continued)

Private equity funds employ buy-out and venture capital strategies and focus on investments in turn-around situations. Real asset funds generally hold interests in public real estate investment trusts (REITS) or commercial real estate through sole-member entities. Private equity and real asset strategies therefore often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Foundation's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.

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 for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Equity Securities	\$ 5,169,284	\$ -	\$ -	\$ 5,169,284
Fixed Income Funds	1,085,458	421,696	-	1,507,154
Hedge Funds	1,256,980	-	-	1,256,980
Private Equity	-	-	173,684	173,684
Tangible Assets	592,278	-	-	592,278
Total Investments and Investments Held for Long-Term Purposes	<u>\$ 8,104,000</u>	<u>\$ 421,696</u>	<u>\$ 173,684</u>	<u>\$ 8,699,380</u>
Beneficial Interest in Trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 724,896</u>	<u>\$ 724,896</u>

MAKE-A-WISH FOUNDATION OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

For the valuation of debt securities at August 31, 2018, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

The Foundation has an investment in a private equity fund that was valued at \$173,684 at August 31, 2018. The total original commitment by the Foundation in January 2012 to this private equity fund was \$200,000. As of August 31, 2018, the Foundation has an unfunded commitment of \$78,000. There is no option to redeem or liquidate the interest in these funds.

The Foundation has a beneficial interest in perpetual trusts as described in Note 5. There were no transfers between investments levels during the year ended August 31, 2018.

The following table presents a rollforward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the year ended August 31, 2018:

	Beneficial Interest In Trusts	Private Equity Fund
Beginning Balance	\$ -	\$ 166,823
Total Gains or Losses (Realized/Unrealized)		
Included in Changes in Net Assets	32,421	27,861
Beneficial Interest in Trusts Transferred	692,475	-
Distributions	-	(21,000)
Ending Balance	<u>\$ 724,896</u>	<u>\$ 173,684</u>
Change in Unrealized Gains or Losses for the Period		
Included in the Change in Net Assets Relating to Investments Still Held at End of Reporting Period	<u>\$ 32,421</u>	<u>\$ 27,861</u>

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

Interest and Dividend Income	\$ 197,774
Realized and Unrealized Gains, Net	430,115
Less: Investment Expenses	(49,127)
Investment Income, Net	<u>\$ 578,762</u>

MAKE-A-WISH FOUNDATION OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 4 TRANSFER FROM RELATED PARTY

Effective September 1, 2017, the National Organization realigned the Foundation's territory to assign nine counties, previously included in Central and Northern Florida, to Southern Florida. Assets transferred with this realignment included fixed assets and beneficial interest in trusts. The amounts transferred totaled \$1,007 and \$692,475 to fixed assets, net of accumulated depreciation, and beneficial interest in trusts, respectively.

NOTE 5 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Beneficial Interest in Trusts

The Foundation is a named income beneficiary on various perpetual trusts, the corpus of which is not controlled by the management of the Foundation. Under these arrangements, the Foundation has the irrevocable right to receive all or a portion of the income earned on the underlying assets held in perpetuity. Accordingly, permanently restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation receives notice that the trust agreement conveys an unconditional right to receive benefits.

Subsequent changes in the value of the underlying assets have been recorded in the accompanying statement of activities as a component of permanently restricted realized and unrealized gains and losses on investments.

The Foundation's beneficial interests in the trusts is \$724,896 as of August 31, 2018. The Foundation used significant unobservable inputs including information from owner-to-owner transactions and the Foundation's own assumptions (Level 3) to determine the fair value.

NOTE 6 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from 2.7% to 2.95% at August 31, 2018. The following is a summary of the Foundation's contributions receivable at August 31, 2018:

Total Amounts Due in:	
Within One Year	\$ 3,203,681
One to Five Years	7,302,852
More than Five Years	4,249,000
Gross Contributions Receivable	<u>14,755,533</u>
Less: Allowance for Doubtful Accounts	(138,143)
Less: Discount to Present Value	<u>(1,878,584)</u>
Contributions Receivable, Net	<u><u>\$ 12,738,806</u></u>

MAKE-A-WISH FOUNDATION OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 7 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 \$1,605,942 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 \$100,000 during the year ended August 31, 2018.

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 \$429,274 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 \$51,300 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 at August 31, 2018 are as follows:

Due from National Organization	\$ 242,362
Due from Other Chapters	23,675
Total Due from Related Entities	<u>\$ 266,037</u>
Due to National Organization	\$ 3,373
Due to Other Chapters	42,615
Total Due to Related Entities	<u>\$ 45,988</u>

Amounts due from the National Organization represent contributions remitted to the National Organization that are identified for the Foundation’s use but were not yet transferred to the Foundation as of year-end. Amounts due from other chapters represent amounts paid in assisting other chapters with their wish granting. Amounts due to other chapters represent amounts owed to other chapters who have assisted in the granting of wishes for the Foundation. Amounts due to the National Organization generally represent unpaid chapter dues and services.

MAKE-A-WISH FOUNDATION OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

During 2018, the Foundation received contributions, both cash and in-kind, from board members totaling \$884,118. In 2018, undiscounted amounts due from board members and chapter staff members totaled \$8,387,499 and \$67,250, respectively, and are included in contributions receivable in the accompanying statements of financial position.

NOTE 8 PROPERTY AND EQUIPMENT, NET

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

Computer Equipment and Software	\$ 170,176
Office Furniture	103,213
Total	<u>273,389</u>
Less: Accumulated Depreciation and Amortization	(251,710)
Construction in Progress	100,000
Property and Equipment, Net	<u><u>\$ 121,679</u></u>

Depreciation and amortization expense totaled \$14,739 for the year ended August 31, 2018.

NOTE 9 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, and
5. The wish is expected to be granted within the next 12 months.

MAKE-A-WISH FOUNDATION OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 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 \$905,620 resulting in adjusted net assets of \$25,669,811.

In 2018, the Foundation made a change in the calculation of accrued pending wish costs. The change simplified the methodology to more closely align the calculation with criteria five "The wish is expected to be granted in the next 12 months." 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 Foundation did not experience a significant impact on its liability.

NOTE 10 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through June 2023. A certain office lease contains a renewal option for an additional five-year period. Total rent expense for all operating leases for the year ended August 31, 2018, totaled \$300,620.

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>Amount</u>
2019	\$ 303,977
2020	289,479
2021	259,905
2022	248,275
2023	205,682
Total Minimum Lease Payments	<u>\$ 1,307,318</u>

MAKE-A-WISH FOUNDATION OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 11 ENDOWMENTS

The Foundation is subject to the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and is required to make disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation's endowment consists of twenty-three individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets, both donor-restricted and board-designated, are reflected as investments held for long-term purposes on the statement of financial position.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted Florida UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund,
2. The purposes of the Foundation and the donor-restricted endowment fund,
3. General economic conditions,
4. The possible effect of inflation and deflation,
5. The expected total return from income and the appreciation of investments,
6. Other resources of the Foundation, and
7. The investment policies of the Foundation.

MAKE-A-WISH FOUNDATION OF SOUTHERN FLORIDA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 11 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ -	\$ -	\$ 2,300,693	\$ 2,300,693
Board-Designated Endowment Funds	1,434,046	-	-	1,434,046
Total Funds	<u>\$ 1,434,046</u>	<u>\$ -</u>	<u>\$ 2,300,693</u>	<u>\$ 3,734,739</u>

Changes in endowment funds for the year ended August 31, 2018 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ 1,193,390	\$ -	\$ 1,367,858	\$ 2,561,248
Investment Return:				
Investment Income	169,569	-	-	169,569
Total Investment Return	169,569	-	-	169,569
Contributions	220,000	-	932,835	1,152,835
Appropriation of Endowment Assets for Expenditure	<u>(148,913)</u>	<u>-</u>	<u>-</u>	<u>(148,913)</u>
Endowment Net Assets, End of Year	<u>\$ 1,434,046</u>	<u>\$ -</u>	<u>\$ 2,300,693</u>	<u>\$ 3,734,739</u>

Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There are no fund deficiencies as of August 31, 2018.

MAKE-A-WISH FOUNDATION OF SOUTHERN FLORIDA
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NOTE 11 ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 8.25% annually. Actual returns in any given years may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of spending all earnings on permanently restricted endowments. All amounts were considered appropriated based on this policy. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment returns.

NOTE 12 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

General Time Restrictions	\$ 1,122,647
General Purpose Restrictions	64,774
Capital Campaign Pledges to be Received in Future Years	10,318,396
Capital Campaign Restricted Cash	2,923,304
Total Temporarily Restricted Net Assets	<u>\$ 14,429,121</u>

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

Investments in Perpetuity, the Income from which is	
Expendable to Support any Activities of the Foundation	\$ 2,300,693
Beneficial Interest in Assets Held by Others	724,896
Endowment Contributions Receivable	1,075,963
Total Permanent Restricted Net Assets	<u>\$ 4,101,552</u>

MAKE-A-WISH FOUNDATION OF SOUTHERN FLORIDA
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NOTE 13 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 (IRC) limitations. The Foundation matches employee contributions up to 4% of the employee's salary and incorporates a five-year graded vesting schedule. Foundation contributions to the Plan for the year ended August 31, 2018 was \$75,024.

NOTE 14 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 \$1,002,086, were received from a single donor for the year ended August 31, 2018, which represents 13%, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

During the year ended August 31, 2018, the Foundation received approximately 35% of its total operating revenue from internal special events. The InterContinental® Miami Make-A-Wish Ball fundraising event provided approximately 40% of total internal special event revenue during the year ended August 31, 2018.

NOTE 15 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 16 LINE OF CREDIT

On September 1, 2017, the Foundation obtained an unsecured line of credit with a financial institution with a borrowing limit of up to \$1,000,000, bearing interest at LIBOR plus 2.42% and expiring on September 1, 2019. There were no borrowings on the line at August 31, 2018.

NOTE 17 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 4, 2019, the date at which the financial statements were available to be issued.