

MAKE-A-WISH FOUNDATION® OF UTAH

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

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

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CliftonLarsonAllen

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Utah
Murray, Utah

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

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 Utah 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 9, 2019

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

ASSETS

Cash and Cash Equivalents	\$	889,465
Investments		195,407
Due from Related Entities		24,924
Prepaid Expenses		7,508
Contributions Receivable, Net		269,904
Other Assets		22,745
Restricted Cash		16,958
Property and Equipment, Net		1,863,140
Beneficial Interest in Assets Held by Others		<u>78,015</u>
Total Assets	\$	<u><u>3,368,066</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$	246,320
Accrued Pending Wish Costs - Cash		682,034
Accrued Pending Wish Costs - In-Kind		668,534
Due to Related Entities		17,463
Deferred Rent		1,736
Capital Lease Obligations		<u>12,992</u>
Total Liabilities		1,629,079

NET ASSETS

Unrestricted		1,374,107
Temporarily Restricted		301,055
Permanently Restricted		<u>63,825</u>
Total Net Assets		<u><u>1,738,987</u></u>
Total Liabilities and Net Assets	\$	<u><u>3,368,066</u></u>

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 2,609,953	\$ 271,155	\$ 11,250	\$ 2,892,358
Grants	585,800	3,000	-	588,800
Total Public Support	3,195,753	274,155	11,250	3,481,158
Investment Income, Net	7,191	4,266	-	11,457
Other Income	3,546	-	-	3,546
Net Assets Released from Restrictions	330,899	(330,899)	-	-
Total Revenues, Gains, and Other Support	3,537,389	(52,478)	11,250	3,496,161
EXPENSES				
Program Services:				
Wish Granting	2,895,192	-	-	2,895,192
Total Program Services	2,895,192	-	-	2,895,192
Support Services:				
Fundraising	332,157	-	-	332,157
Management and General	315,153	-	-	315,153
Total Support Services	647,310	-	-	647,310
Total Expenses	3,542,502	-	-	3,542,502
CHANGE IN NET ASSETS	(5,113)	(52,478)	11,250	(46,341)
Net Assets - Beginning of Year	1,379,220	353,533	52,575	1,785,328
NET ASSETS - END OF YEAR	<u>\$ 1,374,107</u>	<u>\$ 301,055</u>	<u>\$ 63,825</u>	<u>\$ 1,738,987</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF UTAH
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	\$ 2,098,493	\$ -	\$ -	\$ -	\$ 2,098,493
Change in Pending Wish Liability	29,041	-	-	-	29,041
Salaries, Taxes, and Benefits	504,512	181,397	267,276	448,673	953,185
Printing, Subscriptions, and Publications	2,667	37,299	952	38,251	40,918
Professional Fees	3,885	1,101	1,489	2,590	6,475
Rent and Utilities	28,438	2,812	3,520	6,332	34,770
Postage and Delivery	2,039	1,611	585	2,196	4,235
Travel	7,299	7,320	1,546	8,866	16,165
Meetings and Conferences	9,087	6,799	1,630	8,429	17,516
Office Supplies	3,888	3,306	683	3,989	7,877
Communications	4,387	1,243	1,682	2,925	7,312
Advertising and Media (In-Kind)	12,060	53,417	4,623	58,040	70,100
Repairs and Maintenance	21,517	2,642	3,177	5,819	27,336
Membership Dues	702	4,229	269	4,498	5,200
National Partnership Dues	78,654	10,952	9,956	20,908	99,562
Miscellaneous	29,822	11,757	9,840	21,597	51,419
Depreciation and Amortization	58,701	6,272	7,925	14,197	72,898
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,895,192</u>	<u>\$ 332,157</u>	<u>\$ 315,153</u>	<u>\$ 647,310</u>	<u>\$ 3,542,502</u>

See accompanying Notes to Financial Statements.

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

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	(46,341)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization		72,898
Net Realized and Unrealized Gains on Investments		(5,290)
Loss on Sale of Property and Equipment		288
Contributed Property and Equipment and Inventory		(11,435)
(Increase) Decrease in Assets:		
Contributions Receivable		46,168
Due from Related Entities		(1,062)
Prepaid Expenses		1,606
Other Assets		14,005
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses		40,258
Accrued Pending Wish Costs		29,041
Due to Related Entities		8,179
Deferred Rent		(3,335)
Net Cash Provided by Operating Activities		144,980

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments		(174,793)
Proceeds from Sales of Investments		71,564
Purchases of Property and Equipment		(12,968)
Change in Restricted Cash		(3,795)
Net Cash Used by Investing Activities		(119,992)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal Payments on Capital Lease Obligations		(5,673)
Net Cash Used by Financing Activities		(5,673)

NET INCREASE IN CASH AND CASH EQUIVALENTS

19,315

Cash and Cash Equivalents - Beginning of Year

870,150

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 889,465

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid for Interest	\$	1,836
Acquisition of Equipment Through a Capital Lease		14,606
Contributed Property and Equipment and Inventory		11,435

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Utah (the Foundation) is a Utah 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 U.S. generally accepted accounting principles (GAAP) applicable to nonprofit entities.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

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.

Restricted Cash

Restricted cash refers to the unexpended portion of support received that has been restricted by the donor for a specific purpose. These restrictions are for program expenditures and operational support.

MAKE-A-WISH FOUNDATION[®] OF UTAH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost of greater than \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 5 years. The building is being depreciated over an estimated life of 40 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.

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 UTAH
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 UTAH
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 statements of activities as follows:

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Program and Support Service Expenses:				
Wish Related	\$ 1,014,770	\$ -	\$ -	\$ 1,014,770
Professional Services	9,269	1,316	1,499	12,084
Advertising and Media	12,060	53,417	4,623	70,100
Other	6,648	2,337	140	9,125
Total Program and Support Services Expenses	<u>\$ 1,042,747</u>	<u>\$ 57,070</u>	<u>\$ 6,262</u>	1,106,079
Inventory (Asset)				2,153
Property and Equipment (Capitalized)				9,282
Total				<u>\$ 1,117,514</u>

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

Donated advertising and media is reported as contribution revenue and fundraising 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.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Utah income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 59-7-102 of the Utah 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.

MAKE-A-WISH FOUNDATION® OF UTAH
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 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 deferred equipment lease rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred equipment lease rent was \$1,736 at August 31, 2018.

Management Estimates

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

MAKE-A-WISH FOUNDATION® OF UTAH
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 finance committee, which oversees the Foundation's investment program in accordance with established guidelines.

Allocation of Investment Strategies

The Foundation maintains three separate investment categories of funds: operating funds, an intermediate fund primarily for building maintenance, and a wish endowment fund held and managed by The Community Foundation of Utah. The various components of each fund are predicated on the liquidity needs and reserves of the Foundation. The investment vehicles range from money market accounts, to fixed income securities, to equity investments, depending on the investment time horizons. The Foundation, by policy, does not invest in speculative instruments (e.g., junk bonds, distressed securities, unregistered or restricted stocks, security loans, and other high-risk instruments).

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

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy

The following table presents the fair value hierarchy of assets and liabilities 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	\$ 96,301	\$ -	\$ -	\$ 96,301
Exchange-Traded Funds:				
Domestic Equity	18,821	-	-	18,821
Global	1,987	-	-	1,987
Bonds	78,298	-	-	78,298
Beneficial Interest in Assets Held by Others:	-	-	78,015	78,015
Total	<u>\$ 195,407</u>	<u>\$ -</u>	<u>\$ 78,015</u>	<u>\$ 273,422</u>

For the valuation of Level 3 investments at August 31, 2018, the Foundation used significant unobservable inputs as follows:

Quantitative Information About Level 3 Fair Value Measurements		
Type of Investments	Fair Value at August 31, 2018	Valuation Technique
Community Foundation of Utah Agency Endowment - Internal Investment Pool	\$ 78,015	Value of Underlying Securities of Investment Pool

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:

Beginning Balance	\$ 73,749
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	2,850
Purchases	1,416
Ending Balance	<u>\$ 78,015</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>\$ 2,850</u>

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

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

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

Interest and Dividend Income	\$ 7,801
Realized and Unrealized Gains, Net	5,290
Less Investment Expenses	(1,634)
Investment Income, Net	<u>\$ 11,457</u>

NOTE 4 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2018 were \$269,904. All contributions receivable are due within the next 12 months. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2018.

NOTE 5 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Beneficial Interest in Assets Held by Others

In fiscal years 2010, 2011, and 2012, the Foundation transferred permanently donor-restricted endowment funds of \$25,000, \$15,200, and \$12,375, respectively, to the Community Foundation of Utah (CFU). Proceeds from permanently restricted endowment funds are restricted by the donors for use in granting wishes. Distributions of income may be made annually, or more frequently, in accordance with the spending policy established by the board of the CFU. The Foundation has not yet requested distributions from the trust in an effort to grow the value of the account.

The Foundation's beneficial interest in the trust was \$78,015 as of August 31, 2018. Beneficial interest in the trust is measured at fair value using significant unobservable inputs including owner-to-owner transactions and the Foundation's own assumptions (Level 3).

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES

The Foundation received the following distributions from the National Organization for the years ended August 31:

Corporate, Online, Whitemail, and General Contributions	\$ 265,038
Gifts and Travel Reimbursements	5,000
Scholarships	1,800
Adopt-A-Wish	24,000
Other	19,978
Total Distributions Received	<u>\$ 315,816</u>

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

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

These amounts are recorded in the statement of activities as public support revenue.

The Foundation paid to the National Organization the following amounts for the years ended August 31:

Chapter Dues	\$ 99,562
Services and Other	<u>26,710</u>
Total Amounts Paid	<u><u>\$ 126,272</u></u>

Chapters who assist with the 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 \$3,500 for the year ended August 31, 2018, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

Balance at August 31, 2018:	
Due from National Organization	\$ 16,915
Due from Other Chapters	<u>8,009</u>
Total Due from Related Entities	<u><u>\$ 24,924</u></u>
Due to National Organization	\$ 6,325
Due to Other Chapters	<u>11,138</u>
Total Due to Related Entities	<u><u>\$ 17,463</u></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 \$15,300.

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

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

Land	\$ 450,249
Buildings and Building Improvements	2,113,662
Computer Equipment and Software	58,880
Office Furniture	118,797
Other Equipment	42,728
Total	<u>2,784,316</u>
Less Accumulated Depreciation and Amortization	<u>(921,176)</u>
Property and Equipment, Net	<u>\$ 1,863,140</u>

Depreciation and amortization expense totaled \$72,898 for the year ended August 31, 2018.

NOTE 8 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 \$545,705 resulting in adjusted net assets of \$2,284,692.

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.

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

NOTE 9 LEASES

The Foundation is obligated under various capital and operating leases for equipment, which expire at various dates through February 2023. As of August 31, 2018, the cost of leased property and equipment under capital leases was \$14,606 and accumulated depreciation was \$2,087. Total rent expense for all operating leases for the year ended August 31, 2018 totaled \$9,774.

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	\$ 9,774	\$ 4,066
2020	1,629	4,066
2021	-	4,066
2022	-	4,066
2023	-	1,690
Total Minimum Lease Payments	11,403	17,954
Less Amounts Representing Interest	-	(4,962)
Present Value of Net Minimum Lease Payments	<u>\$ 11,403</u>	<u>\$ 12,992</u>

NOTE 10 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 one fund held by the Community Foundation of Utah established for wishing granting purposes, utilizing donor-restricted endowment funds. 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 beneficial interest in assets held by other and investments on the statements of financial position.

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NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

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

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

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

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ -	\$ 25,440	\$ 63,825	\$ 89,265
Total Funds	<u>\$ -</u>	<u>\$ 25,440</u>	<u>\$ 63,825</u>	<u>\$ 89,265</u>

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Funds - Beginning of Year	\$ -	\$ 21,174	\$ 52,575	\$ 73,749
Investment Return:				
Investment Income	-	1,682	-	1,682
Net Appreciation (Realized and Unrealized)	-	2,584	-	2,584
Total Investment Return	<u>-</u>	<u>4,266</u>	<u>-</u>	<u>4,266</u>
Contributions	<u>-</u>	<u>-</u>	<u>11,250</u>	<u>11,250</u>
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 25,440</u>	<u>\$ 63,825</u>	<u>\$ 89,265</u>

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NOTE 10 ENDOWMENTS (CONTINUED)

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

Permanently Restricted Net Assets:

The Portion of Perpetual Endowment Funds that is Required to be Retained Permanently Either by Explicit Donor Stipulation or by UPMIFA	\$ 63,825
Total Endowment Funds Classified as Permanently Restricted Net Assets	<u>\$ 63,825</u>

Temporarily Restricted Net Assets:

The Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA: With Purpose Restrictions	\$ 25,440
Total Endowment Funds Classified as Temporarily Restricted Net Assets	<u>\$ 25,440</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.

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 fund 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. 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 3% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

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NOTE 10 ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year only that portion of the investment income accrued during the period that does not put the principal in jeopardy. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 11 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

Time Restrictions	\$ 269,905
Purpose Restrictions	<u>31,150</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 301,055</u></u>

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

Investments in Perpetuity, the Income from which is Expendable to Support Wish-Granting Activities of the Foundation	<u><u>\$ 63,825</u></u>
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NOTE 12 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after the first \$5,000 earned. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code limitations. The Foundation matches employee contributions up to 3% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2018 were \$19,007.

NOTE 13 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 \$650,139 were received from a single donor for the year ended August 31, 2018, which represents 19% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

MAKE-A-WISH FOUNDATION[®] OF UTAH
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NOTE 14 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. Management is not aware of any potential litigation or claims against the Foundation.

NOTE 15 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 9, 2019, the date at which the financial statements were available to be issued.

In October 2018, the Foundation received an irrevocable gift of \$2.5 million to support the Make-A-Wish Foundation of Utah Wish Endowment and short-term wish granting needs.