MAKE-A-WISH FOUNDATION® OF ARIZONA

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Arizona
Scottsdale, Arizona

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Arizona, which comprise the statement of financial position as of August 31, 2018, and the related statement of activities, functional expenses, and cash flows 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.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
January 30, 2019

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

ASSETS	
Cash and Cash Equivalents	$ 5,976,470
Investments	661,882
Due from Related Entities	123,535
Prepaid Expenses	44,275
Contributions Receivable, Net	366,191
Other Assets	33,532
Property and Equipment, Net	3,068,854
Beneficial Interest in Assets Held by Others	340,895
Total Assets	$ 10,615,634
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts Payable and Accrued Expenses	$ 744,253
Accrued Pending Wish Costs - Cash	1,762,622
Accrued Pending Wish Costs - In-Kind	1,695,193
Due to Related Entities	53,622
Capital Lease Obligation	6,263
Total Liabilities	4,261,953
NET ASSETS	
Unrestricted (Includes Board Designated Funds)	5,156,110
Temporarily Restricted	912,266
Permanently Restricted	285,305
Total Net Assets	6,353,681
Total Liabilities and Net Assets	$ 10,615,634

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Public Support:				
Contributions	$ 7,557,825	$ 788,546	$ -	$ 8,346,371
Grants	37,223	45,650	-	82,873
Total Public Support	7,595,048	834,196	-	8,429,244
Special Events:				
Internal Special Events	1,846,744	18,000	-	1,864,744
Less: Costs of Direct Benefits to Donors	(343,388)	-	-	(343,388)
Total Special Events	1,503,356	18,000	-	1,521,356
Investment Income, Net	26,156	-	-	26,156
Other Income	8,954	-	-	8,954
Change in Value of Beneficial Interest in Assets Held by Others	-	8,550	24,082	32,632
Net Assets Released from Restrictions	1,547,988	(1,547,988)	-	-
Total Revenues, Gains, and Other Support	10,681,502	(687,242)	24,082	10,018,342
EXPENSES				
Program Services:				
Wish Granting	7,076,114	-	-	7,076,114
Total Program Services	7,076,114	-	-	7,076,114
Support Services:				
Fundraising	1,240,790	-	-	1,240,790
Management and General	725,094	-	-	725,094
Total Support Services	1,965,884	-	-	1,965,884
Total Expenses	9,041,998	-	-	9,041,998
CHANGE IN NET ASSETS	1,639,504	(687,242)	24,082	976,344
Net Assets - Beginning of Year	3,516,606	1,599,508	261,223	5,377,337
NET ASSETS - END OF YEAR	$ 5,156,110	$ 912,266	$ 285,305	$ 6,353,681

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF ARIZONA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2018

	Program Services	Support Services			
	Wish Granting	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	$ 4,994,864	$ -	$ -	$ -	$ 4,994,864
Change in Pending Wish Liability	245,095	-	-	-	245,095
Salaries, Taxes, and Benefits	1,202,172	710,980	542,547	1,253,527	2,455,699
Printing, Subscriptions, and Publications	30,594	59,454	2,609	62,063	92,657
Professional Fees	73,149	53,574	35,645	89,219	162,368
Rent and Utilities	36,482	21,602	16,374	37,976	74,458
Postage and Delivery	12,942	14,466	2,375	16,841	29,783
Travel	19,185	24,205	3,863	28,068	47,253
Meetings and Conferences	49,610	102,186	16,634	118,820	168,430
Office Supplies	36,842	5,675	3,310	8,985	45,827
Communications	14,717	10,321	6,851	17,172	31,889
Advertising and Media (Cash)	-	1,814	-	1,814	1,814
Advertising and Media (In-Kind)	-	76,116	-	76,116	76,116
Repairs and Maintenance	2,357	1,111	843	1,954	4,311
Membership Dues	936	2,606	1,627	4,233	5,169
National Partnership Dues	201,843	28,105	25,550	53,655	255,498
Miscellaneous	55,458	69,469	22,027	91,496	146,954
Depreciation and Amortization	99,868	59,106	44,839	103,945	203,813
Special Event Expenses	-	343,388	-	343,388	343,388
Total	7,076,114	1,584,178	725,094	2,309,272	9,385,386
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(343,388)	-	(343,388)	(343,388)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 7,076,114	$ 1,240,790	$ 725,094	$ 1,965,884	$ 9,041,998

See accompanying Notes to Financial Statements.

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 976,344
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	203,813
Contributed Inventory	(10,645)
Contributions from Beneficial Interest Held by Others	(47,040)
Change in Value of Beneficial Interests in Assets Held by Others	(38,403)
Change in Discount to Present Value of Contributions Receivable	(2,309)
(Increase) Decrease in Assets:	
Contributions Receivable	(106,347)
Due from Related Entities	189,353
Prepaid Expenses	9,321
Other Assets	27,260
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	59,042
Accrued Pending Wish Costs	245,096
Due to Related Entities	9,047
Net Cash Provided by Operating Activities	1,514,532
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(6,913)
Purchases of Property and Equipment	(52,136)
Net Cash Used by Investing Activities	(59,049)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Payments on Capital Lease Obligations	(1,451)
Cash Distribution from Beneficial Interest in Assets Held by Others	5,771
Net Cash Provided by Financing Activities	4,320
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,459,803
Cash and Cash Equivalents - Beginning of Year	4,516,667
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 5,976,470
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid for Interest Expense	$ 565
Donated Inventory	$ 10,645

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Arizona (the Foundation) is an Arizona 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. For the year ended August 31, 2018, the Foundation granted 400 wishes.

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.

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 $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 5 to 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

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

Fair Value Measurements

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

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

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

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

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

Net Assets

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

Permanently Restricted Net Assets – 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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 discounts is recorded as additional contributions revenue. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Foundation received in-kind contributions of assets, services, and materials that are reported in the statement of activities as follows as of August 31, 2018 :

	Program	Fundraising	Management and General	Total
Wish Related	$ 2,587,585	$ -	$ -	$ 2,587,585
Professional Services	1,398	8,085	-	9,483
Rent	4,219	2,497	1,894	8,610
Advertising and Media	-	76,116	-	76,116
Other	21,914	20,358	2,722	44,994
Total	$ 2,615,116	$ 107,056	$ 4,616	2,726,788
Special Events				19,436
Inventory (Asset)				10,645
Total				$ 2,756,869

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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.

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 are 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 and Arizona income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and Arizona Revised Statutes 43-1201(4), respectively. 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 and applicable state jurisdictions.

Functional Expenses

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

Wish Granting

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

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal year ended August 31, 2018, the Foundation did not incur joint costs for activities that include fundraising appeals.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

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.

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.

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 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 and liabilities that are measured at fair value on a recurring basis at August 31, 2018:

	Quoted Prices in in Active Markets of Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Investments:				
Money Market	$ -	$ -	$ -	$ 661,882
Beneficial Interest in Assets	-	-	340,895	340,895
Total Assets	$ -	$ -	$ 340,895	$ 1,002,777

For the valuation of beneficial interest in assets held by others at August 31, 2018, the Foundation used present value techniques and risk-adjusted discount rates that reflect the assumptions that market participants would use in pricing the underlying assets, and are based on the fair value of trust investments as reported by the trustees (Level 3).

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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

Beginning Balance	$	261,223
Total Gains (Realized/Unrealized)		
Included in Changes in Net Assets		38,403
Purchases		47,040
Distributions		(5,771)
Ending Balance	$	340,895
Change in Unrealized Gains for the Period Included in the Change in Net Assets Relating to Investments Still Held at End of Reporting Period	$	38,403

Total investment income for the year ended August 31, 2018 consists of the following:

Interest and Dividend Income	$	26,156

NOTE 4 CONTRIBUTIONS RECEIVABLE

The foundation's contributions receivable as of August 31, 2018 were $366,191, which are due from twelve donors. Two donors represent 77% of the balance, respectively. All contributions receivable are due within the next twelve months. Management determined that all contributions receivable are fully collectible, therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2018

NOTE 5 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Foundation is a named income beneficiary in a perpetual trust, 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. As of August 31, 2018, the Foundation had a beneficial interest in assets held by others in perpetual trust in the amount of $285,305.

NOTE 5 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (CONTINUED)

Donors have contributed assets to the National Organization in exchange for a promise by the National Organization to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the terms of such agreements, no trust exists, as the assets received are held by and the liability is an obligation of the National Organization. The National Organization records contribution revenue using the fair value of the assets less the present value of the payments expected to be made to the beneficiaries. The Foundation is named as a beneficiary in one of these agreements. Accordingly, temporarily restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation received notice that the agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets are included within investment income in the accompanying statement of activities. As of August 31, 2018, the Foundation had a beneficial interest in assets held by the National Organization in the amount of $55,590.

NOTE 6 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 $1,277,024 from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that National Organization pays on behalf of the Foundation and for services provided to the Foundation by the National Organization. Amounts totaling $408,308 were paid from the Foundation to the National Organization during the year ended August 31, 2018.

Chapters who assist with the organization and granting of wishes from other chapters are paid a “fee for service” called the wish assist fee. Under this program, the originating chapter agrees to pay a fee to the chapter of the wish destination to assist with any planning, booking, and facilitating of the wish for the home chapter. Under this program, the Foundation received $7,100 for the year ended August 31, 2018 which is recorded in the accompanying statement of activities as other income.

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Amounts due to and from related entities are as follows:

Balance at August 31, 2018		
Due from National Organization	$	116,675
Due from Other Chapters		6,860
Total Due from Related Entities	$	123,535
Due to National Organization	$	16,741
Due to Other Chapters		36,881
Total Due to Related Entities	$	53,622

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 $1,888,669.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

Land	$	459,200
Buildings and Building Improvements		2,885,424
Computer Equipment and Software		196,851
Office Furniture		254,485
Subtotal		3,795,960
Less: Accumulated Depreciation and Amortization		(727,106)
Property and Equipment, Net	$	3,068,854

Depreciation and amortization expense totaled $203,813 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 owed as of year-end for all reportable approved pending wishes are accrued as pending wishes. The in-kind portion of the pending wish liability includes the estimated in-kind expenses that are expected to be incurred in fulfilling each wish even though the matching in-kind revenues are not recognized until the in-kind goods or services, or an unconditional promise for those in-kind goods or services, are received. Although not fully guaranteed, if the related expected in-kind revenue were recognized in the same fiscal period as the expected in-kind expense, total net assets at August 31, 2018 would increase by $1,453,688, resulting in adjusted net assets of $7,807,369.

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 9 LEASES

The Foundation is obligated under a capital lease for equipment that expires March 2022. As of August 31, 2018, the cost of leased equipment under the capital lease was $8,286, and accumulated depreciation was $2,348.

NOTE 9 LEASES (CONTINUED)

Future minimum lease payments under the capital lease having remaining terms in excess of one year is as follows:

Year Ending August 31,	Capital Leases
2019	$ 2,016
2020	2,016
2021	2,016
2022	1,176
Total Minimum Lease Payments	7,224
Less Amounts Representing Interest	(961)
Present Value of Net Minimum Lease Payments	$ 6,263

NOTE 10 BOARD DESIGNATED NET ASSETS

During the fiscal year ended August 31, 2016, the board of directors of the Foundation designated unrestricted net assets as a building reserve to offset the cost of future building expenditures. The Foundation opened a separate bank account and established the bank account with an initial contribution of $250,000; the Foundation will continue to fund the account by making a $2,000 monthly contribution until the account reaches $300,000. As of August 31, 2018, the balance designated for the building reserve was $260,684, and is included in cash and cash equivalents on the statement of financial position.

NOTE 11 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

Time Restrictions	$ 105,110
Purpose Restrictions	807,156
Total Temporarily Restricted Net Assets	$ 912,266

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	$ 285,305

NOTE 12 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 1,000 hours of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 6% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2018 were $80,717.

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. Throughout the year, the Foundation's cash balances exceeded the amount of the FDIC insurance coverage.

In-kind contributions totaling $808,018 were received from a single donor for the year ended August 31, 2018 which represents 10% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

Cash contributions totaling $1,300,000 were received from a single donor for the year ended August 31, 2018 which represents 15% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 14 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 30, 2019, the date at which the financial statements were available to be issued.

CliftonLarsonAllen

A member of Nexia International