

**MAKE-A-WISH FOUNDATION®
MIDDLE TENNESSEE**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2017 AND 2016

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-a-Wish Foundation® Middle Tennessee
Brentwood, Tennessee

We have audited the accompanying financial statements of Make-a-Wish Foundation® Middle Tennessee, which comprise the statements of financial position as of August 31, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses, for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Make-a-Wish Foundation® Middle Tennessee

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-a-Wish Foundation® Middle Tennessee as of August 31, 2017 and 2016, and change in its net assets (deficit) and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
January 12, 2018

MAKE-A-WISH FOUNDATION® MIDDLE TENNESSEE
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2017 AND 2016

	2017	2016
ASSETS		
Cash and Cash Equivalents	\$ 284,552	\$ 601,465
Due from Related Entities	43,277	59,921
Prepaid Expenses	-	5,923
Contributions Receivable, Net	236,903	164,528
Other Assets	13,943	17,502
Property and Equipment, Net	22,356	25,078
Total Assets	\$ 601,031	\$ 874,417
LIABILITIES AND NET DEFICIT		
Accounts Payable and Accrued Expenses	\$ 88,773	\$ 64,617
Accrued Pending Wish Costs - Cash	389,657	461,558
Accrued Pending Wish Costs - In-Kinds	281,021	487,218
Due to Related Entities	20,850	9,280
Deferred Rent	1,552	-
Total Liabilities	781,853	1,022,673
Net Deficit		
Unrestricted	(348,685)	(259,176)
Temporarily Restricted	167,863	110,920
Total Net Deficit	(180,822)	(148,256)
Total Liabilities and Net Deficit	\$ 601,031	\$ 874,417

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2017
(With Summary Totals for Year Ended August 31, 2016)

	Unrestricted	Temporarily Restricted	Total	2016 Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 1,461,458	\$ 121,943	\$ 1,583,401	\$ 1,709,961
Grants	246,428	1,000	247,428	293,748
Total Public Support	1,707,886	122,943	1,830,829	2,003,709
Internal Special Events	618,067	37,750	655,817	566,907
Less Costs of Direct Benefits to Donors	(205,346)	-	(205,346)	(199,504)
Total Special Events	412,721	37,750	450,471	367,403
Investment Income, Net	1,682	-	1,682	1,747
Other Income	6,450	-	6,450	6,415
Net Assets Released from Restrictions	103,750	(103,750)	-	-
Total Revenues, Gains, and Other Support	2,232,489	56,943	2,289,432	2,379,274
EXPENSES				
Program Services:				
Wish Granting	1,810,436	-	1,810,436	1,793,509
Support Services:				
Fundraising	200,944	-	200,944	237,011
Management and General	310,618	-	310,618	273,990
Total Support Services	511,562	-	511,562	511,001
Total Program and Support Services Expense	2,321,998	-	2,321,998	2,304,510
Change in Net Assets (Deficit)	(89,509)	56,943	(32,566)	74,764
NET ASSETS (DEFICIT), BEGINNING OF YEAR	(259,176)	110,920	(148,256)	(223,020)
NET ASSETS (DEFICIT), END OF YEAR	\$ (348,685)	\$ 167,863	\$ (180,822)	\$ (148,256)

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 1,616,711	\$ 93,250	\$ 1,709,961
Grants	283,248	10,500	293,748
Total Public Support	<u>1,899,959</u>	<u>103,750</u>	<u>2,003,709</u>
Internal Special Events	559,737	7,170	566,907
Less Costs of Direct Benefits to Donors	<u>(199,504)</u>	<u>-</u>	<u>(199,504)</u>
Total Special Events	360,233	7,170	367,403
Investment Income, Net	1,747	-	1,747
Other Income	6,415	-	6,415
Net Assets Released from Restrictions	<u>99,832</u>	<u>(99,832)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	2,368,186	11,088	2,379,274
EXPENSES			
Program Services:			
Wish Granting	1,793,509	-	1,793,509
Support Services:			
Fundraising	237,011	-	237,011
Management and General	273,990	-	273,990
Total Support Services	<u>511,001</u>	<u>-</u>	<u>511,001</u>
Total Program and Support Services Expense	<u>2,304,510</u>	<u>-</u>	<u>2,304,510</u>
Change in Net Assets (Deficit)	63,676	11,088	74,764
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>(322,852)</u>	<u>99,832</u>	<u>(223,020)</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ (259,176)</u>	<u>\$ 110,920</u>	<u>\$ (148,256)</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® MIDDLE TENNESSEE
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets (Deficit)	\$ (32,566)	\$ 74,764
Adjustments to reconcile Change in Net Assets (Deficit) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation and Amortization	10,295	11,809
Bad Debts Expense	1,200	1,370
Changes in Assets and Liabilities:		
Contributions Receivable	(73,575)	(36,341)
Due from Related Entities	16,644	25,546
Prepaid Expenses	5,923	(5,153)
Other Assets	3,559	(4,122)
Accounts Payable and Accrued Expenses	24,156	(77,424)
Accrued Pending Wish Costs	(278,098)	190,544
Due to Related Entities	11,570	9,280
Deferred Rent	1,552	(2,295)
Net Cash Provided By (Used In) Operating Activities	(309,340)	187,978
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(7,573)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(316,913)	187,978
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	601,465	413,487
 CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 284,552	\$ 601,465

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2017

	<u>Program Services</u>	<u>Support Services</u>			<u>Total</u>
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 1,463,128	\$ -	\$ -	\$ -	\$ 1,463,128
Salaries, Taxes, and Benefits	218,871	114,157	237,688	351,845	570,716
Printing, Subscriptions, and Publications	9,124	24,832	1,162	25,994	35,118
Professional Fees	2,085	5,883	2,263	8,146	10,231
Rent and Utilities	22,215	15,099	13,068	28,167	50,382
Postage and Delivery	1,618	1,717	1,276	2,993	4,611
Travel	2,658	1,820	4,335	6,155	8,813
Meetings and Conferences	9,720	12,909	10,030	22,939	32,659
Office Supplies	4,752	2,915	1,641	4,556	9,308
Communications	7,575	4,216	3,931	8,147	15,722
Insurance	1,116	1,325	582	1,907	3,023
Membership Dues	509	410	242	652	1,161
National Partnership Dues	50,195	6,354	6,989	13,343	63,538
Miscellaneous	16,870	9,307	17,116	26,423	43,293
Depreciation and Amortization	-	-	10,295	10,295	10,295
Special Event Expenses	-	205,346	-	205,346	205,346
	<u>1,810,436</u>	<u>406,290</u>	<u>310,618</u>	<u>716,908</u>	<u>2,527,344</u>
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(205,346)	-	(205,346)	(205,346)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,810,436</u>	<u>\$ 200,944</u>	<u>\$ 310,618</u>	<u>\$ 511,562</u>	<u>\$ 2,321,998</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2016

	<u>Program Services</u>	<u>Support Services</u>			<u>Total</u>
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 1,469,081	\$ -	\$ -	\$ -	\$ 1,469,081
Salaries, Taxes, and Benefits	212,422	150,817	199,120	349,937	562,359
Printing, Subscriptions, and Publications	5,847	5,104	1,952	7,056	12,903
Professional Fees	2,345	14,564	1,808	16,372	18,717
Rent and Utilities	20,278	13,664	11,871	25,535	45,813
Postage and Delivery	1,821	1,597	1,039	2,636	4,457
Travel	3,216	2,516	2,061	4,577	7,793
Meetings and Conferences	9,595	20,915	2,373	23,288	32,883
Office Supplies	2,778	6,375	2,218	8,593	11,371
Communications	7,132	4,194	3,850	8,044	15,176
Advertising and Media (Cash)	1,950	361	-	361	2,311
Repairs and Maintenance	385	385	-	385	770
Insurance	1,019	696	639	1,335	2,354
Membership Dues	448	135	117	252	700
National Partnership Dues	46,089	7,001	5,251	12,252	58,341
Training	4,118	4,465	8,207	12,672	16,790
Miscellaneous	4,985	4,222	21,675	25,897	30,882
Depreciation and Amortization	-	-	11,809	11,809	11,809
Special Event Expenses	-	199,504	-	199,504	199,504
	<u>1,793,509</u>	<u>436,515</u>	<u>273,990</u>	<u>710,505</u>	<u>2,504,014</u>
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(199,504)	-	(199,504)	(199,504)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,793,509</u>	<u>\$ 237,011</u>	<u>\$ 273,990</u>	<u>\$ 511,001</u>	<u>\$ 2,304,510</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 1 ORGANIZATION

Make-a-Wish Foundation® Middle Tennessee (the Foundation) is a Tennessee nonprofit corporation, organized for the purpose of granting wishes to children with life-threatening medical conditions. 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. In addition, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles applicable to nonprofit entities.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents at August 31, 2017 and 2016 are \$201,081 and \$414,938, respectively, of money market mutual funds.

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 three to five years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

MAKE-A-WISH FOUNDATION® MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

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.

Net Assets (Deficit)

The Foundation's net assets (deficit) 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. The Foundation has no permanently restricted net assets.
- **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 (deficit)** – Net assets (deficit) 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® MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

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 at August 31:

	August 31, 2017			Total
	Programs	Fundraising	Management and General	
Wish Related	\$ 666,958	\$ -	\$ -	\$ 666,958
Printing, Subscriptions, and Publications	870	11,255	-	12,125
Advertising and Media	-	1,800	-	1,800
Other	1,887	1,164	964	4,015
	<u>\$ 669,715</u>	<u>\$ 14,219</u>	<u>\$ 964</u>	684,898
Special Events				10,465
Due from National				1,893
Total				<u>\$ 697,256</u>

	August 31, 2016			Total
	Programs	Fundraising	Management and General	
Wish Related	\$ 566,856	\$ -	\$ -	\$ 566,856
Printing, Subscriptions, and Publications	-	2,000	-	2,000
Other	-	5,139	561	5,700
	<u>\$ 566,856</u>	<u>\$ 7,139</u>	<u>\$ 561</u>	574,556
Special Events				24,209
Inventory (Asset)				158
Total				<u>\$ 598,923</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.

Advertising and media is used to help the Foundation communicate its message or mission and includes fundraising 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 when received and fundraising or public information expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

MAKE-A-WISH FOUNDATION® MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Tennessee income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3). However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2017 and 2016. The Foundation files income tax returns in the U.S. federal jurisdiction and applicable state jurisdictions.

Functional Expenses

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

Wish Granting

Activities performed by the Foundation in granting wishes to children with life-threatening medical conditions.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations.

Management and General

All costs not identifiable with a single program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

Expenses that benefit more than one function of the Foundation are allocated among the functions based generally on the amount of time spent by employees on each function.

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$1,552 and \$0 at August 31, 2017 and 2016, respectively.

MAKE-A-WISH FOUNDATION® MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Significant items subject to such estimates and assumptions include the functional allocation of expenses, valuation of in-kind revenue and expenses, accrued pending wish costs, net of attrition on pending wish costs and whether an allowance for uncollectible contributions receivable is required. The current economic environment continues to create a high degree of uncertainty in those estimates and assumptions.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 3 CONTRIBUTIONS RECEIVABLE

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, 2017 and 2016.

NOTE 4 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 years ended August 31, 2017 and 2016, respectively, the Foundation received \$401,140 and \$514,593, respectively, from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for chapter 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 \$63,538 and \$58,340 were paid from the Foundation to the National Organization during the years ended August 31, 2017 and 2016, respectively.

MAKE-A-WISH FOUNDATION® MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 4 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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 \$6,450 and \$6,415 for the years ended August 31, 2017 and 2016, respectively, which is recorded in the accompanying statements of activities as “Other Income”.

Amounts due from and to related entities are as follows:

	<u>2017</u>	<u>2016</u>
Balance at August 31:		
Due from National Organization	\$ 37,640	\$ 54,131
Due from Other Chapters	<u>5,637</u>	<u>5,790</u>
Total Due from Related Entities	<u>\$ 43,277</u>	<u>\$ 59,921</u>
Due to Other Chapters	<u>\$ 20,850</u>	<u>\$ 9,280</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 2017 and 2016 the Foundation received contributions, both cash and in-kind, from board members totaling \$286,684 and \$278,364, respectively. Additionally, the Foundation leases its office space from a former board member who owns the building. See Note 7.

NOTE 5 PROPERTY AND EQUIPMENT, NET

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

	<u>2017</u>	<u>2016</u>
Computer Equipment and Software	\$ 45,838	\$ 41,407
Office Furniture	29,968	30,244
Other Equipment	<u>4,291</u>	<u>8,660</u>
	80,097	80,311
Less Accumulated Depreciation and Amortization	<u>(57,741)</u>	<u>(55,233)</u>
Property and Equipment, Net	<u>\$ 22,356</u>	<u>\$ 25,078</u>

Depreciation and amortization expense totaled \$10,295 and \$11,809 for the years ended August 31, 2017 and 2016, respectively.

MAKE-A-WISH FOUNDATION® MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 6 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.

Estimated cash and in-kind costs owed as of year-end for all reportable pending wishes are accrued as pending wish liability. The in-kind portion of the pending wish liability includes the estimated in-kind outlay that is 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 deficit at August 31, 2017 would be reduced by \$160,972 resulting in an adjusted net deficit of (\$19,850).

The Foundation, as part of its estimate of accrued pending wish costs, also considers attrition on pending wish costs. An attrition rate is calculated by the Foundation by analyzing the trend of wishes that have been accrued for using the five criteria discussed above that have not been able to be completed within the past twelve months due to factors outside of the control of the chapter, such as the death of a child, the move of the family out of the chapter's territory, or loss of contact with the family. As of August 31, 2017 and 2016, the Foundation had 72 and 79 reportable pending wishes, respectively.

NOTE 7 LEASES

The Foundation is obligated under an operating lease for office space, which expires in 2019. Total rent expense for all operating leases for the years ended August 31, 2017 and 2016 totaled \$50,382 and \$45,813, respectively. Future minimum lease payments under this agreement are \$50,295, and \$34,280 for the years ended August 31, 2018 and 2019, respectively.

MAKE-A-WISH FOUNDATION® MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

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

	2017	2016
Purpose Restrictions	\$ 130,113	\$ 100,420
Time Restrictions	37,750	10,500
Total Temporarily Restricted Net Assets	\$ 167,863	\$ 110,920

NOTE 9 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 90 days 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 3% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2017 and 2016 were \$11,952 and \$11,129, respectively.

NOTE 10 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 Federal Deposit Insurance Corporation (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 \$425,882 and \$283,940 were received from a single donor for the years ended August 31, 2017 and 2016, respectively, which represents 23% and 14%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 11 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 12, 2018, the date at which the financial statements were available to be issued.



Investment advisory services are offered through CliftonLarsonAllen
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