

MAKE-A-WISH FOUNDATION® OF MAINE
FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Maine
Portland, Maine

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Maine 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 then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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 Maine 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

Phoenix, Arizona
February 28, 2019

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

ASSETS

Cash and Cash Equivalents	\$	529,292
Investments		851,830
Due from Related Entities		11,426
Prepaid Expenses		10,033
Contributions Receivable, Net		84,610
Other Assets		26,263
Investments Held for Long-Term Purposes		800,013
Property and Equipment, Net		<u>43,757</u>
Total Assets	\$	<u><u>2,357,224</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$	80,469
Accrued Pending Wish Costs - Cash		301,327
Accrued Pending Wish Costs - In-Kind		264,960
Due to Related Entities		6,614
Deferred Rent		5,753
Capital Lease Obligations		<u>11,681</u>
Total Liabilities		<u>670,804</u>

NET ASSETS

Unrestricted		826,290
Temporarily Restricted		205,475
Permanently Restricted		<u>654,655</u>
Total Net Assets		<u><u>1,686,420</u></u>
Total Liabilities and Net Assets	\$	<u><u>2,357,224</u></u>

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Public Support:				
Contributions	\$ 1,542,045	\$ 57,981	\$ -	\$ 1,600,026
Grants	84,518	-	-	84,518
Total Public Support	<u>1,626,563</u>	<u>57,981</u>	<u>-</u>	<u>1,684,544</u>
Internal Special Events	541,568	-	-	541,568
Less: Costs of Direct Benefits to Donors	<u>(79,991)</u>	<u>-</u>	<u>-</u>	<u>(79,991)</u>
Total Internal Special Events	461,577	-	-	461,577
Investment Income, Net	75,932	77,875	-	153,807
Other Income	(11)	-	-	(11)
Net Assets Released from Restrictions	<u>54,041</u>	<u>(54,041)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	2,218,102	81,815	-	2,299,917
EXPENSES				
Program Services:				
Wish Granting	<u>1,492,608</u>	<u>-</u>	<u>-</u>	<u>1,492,608</u>
Total Program Services	1,492,608	-	-	1,492,608
Support Services:				
Fundraising	330,171	-	-	330,171
Management and General	<u>81,729</u>	<u>-</u>	<u>-</u>	<u>81,729</u>
Total Support Services	411,900	-	-	411,900
Total Expenses	<u>1,904,508</u>	<u>-</u>	<u>-</u>	<u>1,904,508</u>
CHANGE IN NET ASSETS	313,594	81,815	-	395,409
Net Assets - Beginning of Year	<u>512,696</u>	<u>123,660</u>	<u>654,655</u>	<u>1,291,011</u>
NET ASSETS - END OF YEAR	<u>\$ 826,290</u>	<u>\$ 205,475</u>	<u>\$ 654,655</u>	<u>\$ 1,686,420</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MAINE
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	\$ 1,032,925	\$ -	\$ -	\$ -	\$ 1,032,925
Change in Pending Wish Liability	99,289	-	-	-	99,289
Salaries, Taxes, and Benefits	199,667	179,623	37,059	216,682	416,349
Printing, Subscriptions, and Publications	4,138	24,464	775	25,239	29,377
Professional Fees	15,734	14,104	24,372	38,476	54,210
Rent and Utilities	21,444	19,202	4,007	23,209	44,653
Postage and Delivery	3,829	3,619	397	4,016	7,845
Travel	11,154	16,303	1,220	17,523	28,677
Meetings and Conferences	11,420	21,888	2,106	23,994	35,414
Office Supplies	15,956	4,178	595	4,773	20,729
Communications	1,829	1,728	343	2,071	3,900
Advertising and Media (Cash)	-	1,794	-	1,794	1,794
Advertising and Media (In-Kind)	-	4,000	-	4,000	4,000
Repairs and Maintenance	2,282	2,045	428	2,473	4,755
Membership Dues	3,254	2,915	610	3,525	6,779
National Partnership Dues	53,253	7,415	6,741	14,156	67,409
Miscellaneous	11,167	22,175	2,088	24,263	35,430
Depreciation and Amortization	5,267	4,718	988	5,706	10,973
Special Event Expenses	-	79,991	-	79,991	79,991
Total	1,492,608	410,162	81,729	491,891	1,984,499
Less: Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(79,991)	-	(79,991)	(79,991)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 1,492,608	\$ 330,171	\$ 81,729	\$ 411,900	\$ 1,904,508

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MAINE
STATEMENT OF CASH FLOWS
AUGUST 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 395,409
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	10,973
Net Realized and Unrealized Gains on Investments	(128,107)
Loss on Sale of Property and Equipment	312
Contributed Property and Equipment	(6,245)
(Increase) Decrease in Assets:	
Contributions Receivable	(40,011)
Due from Related Entities	29,809
Prepaid Expenses	6,909
Other Assets	2,404
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	11,179
Accrued Pending Wish Costs	99,289
Due to Related Entities	3,488
Deferred Rent	5,753
Net Cash Provided by Operating Activities	391,162

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(152,946)
Proceeds from Sales of Investments	43,498
Purchases of Property and Equipment	(30,026)
Net Cash Used by Investing Activities	(139,474)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal Payments on Capital Lease Obligations	(2,907)
Net Cash Used by Financing Activities	(2,907)

NET INCREASE IN CASH AND CASH EQUIVALENTS

248,781

Cash and Cash Equivalents - Beginning of Year

280,511

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 529,292

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid for Interest	\$ 529
Contributed Property and Equipment	\$ 6,245

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Maine (the Foundation) is a Maine 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. 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 (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. Included in cash and cash equivalents at August 31, 2018 is \$42,693 of money market mutual funds.

Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in unrestricted net assets unless its use is limited by donor-imposed restrictions or law.

Contributions Receivable

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions receivable are discounted using fair value rates and contributions are written off when deemed uncollectible.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost greater than \$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 leases. 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 MAINE
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 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.

MAKE-A-WISH FOUNDATION® OF MAINE
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 and services that are reported as follows at August 31, 2018:

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Program and Support Service				
Expenses:				
Wish Related	\$ 505,650	\$ -	\$ -	\$ 505,650
Professional Services	36	32	21,432	21,500
Advertising and Media	-	4,000	-	4,000
Other	2,432	3,053	181	5,666
Total Program and Support				
Service Expenses	<u>\$ 508,118</u>	<u>\$ 7,085</u>	<u>\$ 21,613</u>	536,816
Special Event				6,684
Property and Equipment (Capitalized)				6,245
Total				<u>\$ 549,745</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 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Maine taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Title 13-B of the Maine Revised Statutes. 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 one state jurisdiction.

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 incurred no significant joint costs for activities that included fund raising appeals.

Management and General

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

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

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$5,753 at August 31, 2018

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates

The preparation of financial statements in conformity with in accordance 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.

Investments

Overall Investment Objective

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Foundation diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the board's audit and finance committee, which oversees the Foundation's investment program in accordance with established guidelines.

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

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments (Continued)

Allocation of Investment Strategies

In addition to traditional stocks and fixed income securities, the Foundation may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity, and real asset strategies. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Foundation's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.

Fair Value Hierarchy

The following table presents the fair value hierarchy of assets 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:				
Investments:				
Mutual Funds:				
Bonds	\$ 39,220	\$ -	\$ -	\$ 39,220
Exchange-Traded Funds:				
Domestic Equity	739,966	-	-	739,966
International Equity	144,650	-	-	144,650
Bonds	264,362	-	-	264,362
Debt Securities:				
Corporate Bonds	-	441,199	-	441,199
Cash and Cash Equivalents	-	-	-	22,446
Total	<u>\$ 1,188,198</u>	<u>\$ 441,199</u>	<u>\$ -</u>	<u>\$ 1,651,843</u>

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

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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

Interest and Dividend Income	\$ 35,962
Realized and Unrealized Gains, Net	128,107
Less: Investment Expenses	<u>(10,262)</u>
Investment Income, Net	<u>\$ 153,807</u>

NOTE 4 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2018 were \$84,610, which are due from three donors. All contributions receivable are due within the next twelve months. Management has determined that all contributions receivable are fully collectible, therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2018.

NOTE 5 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the year ended August 31, 2018, the Foundation received \$185,508 from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided to the Foundation by the National Organization. Amounts totaling \$100,907 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 \$300 for the year ended August 31, 2018 which is recorded in the accompanying statement of activities as other income.

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

NOTE 5 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Amounts due from and to related entities are as follows:

Balance at August 31, 2018	
Due from National Organization	\$ 11,222
Due from Other Chapters	204
Total Due from Related Entities	<u>\$ 11,426</u>
Due to National Organization	\$ 2,197
Due to Other Chapters	4,417
Total Due to Related Entities	<u>\$ 6,614</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 \$132,284.

NOTE 6 PROPERTY AND EQUIPMENT, NET

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

Computer Equipment and Software	\$ 27,288
Other Equipment	28,704
Leasehold Improvements	<u>26,243</u>
Total	82,235
Less: Accumulated Depreciation and Amortization	<u>(38,478)</u>
Property and Equipment, Net	<u>\$ 43,757</u>

Depreciation and amortization expense totaled \$10,973 for the year ended August 31, 2018.

NOTE 7 LINE OF CREDIT

During 2016, the Foundation entered into a secured line of credit with a financial institution with an available credit of \$40,000 bearing interest at 4.406% at August 31, 2018. The line is secured by the investments of the Foundation and has no expiration date. The outstanding balance on this line of credit was \$-0- as of August 31, 2018.

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

NOTE 8 ACCRUED PENDING WISH COSTS

The Foundation accrues the 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 outlay 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 be increased by \$206,979 resulting in adjusted net assets of \$1,893,399.

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 likely 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 wished granted in the past three years. As a result, the Foundation may have experienced a change in liability beyond the change in approved wishes.

NOTE 9 LEASES

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through May 2022. As of August 31, 2018, the cost of leased property and equipment under capital leases was \$15,204 and accumulated depreciation was \$3,548. Total rent expense for all operating leases for the year ended August 31, 2018 totaled \$41,385.

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

NOTE 9 LEASES (CONTINUED)

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	\$ 39,168	\$ 3,360
2020	40,343	3,360
2021	13,580	3,360
2022	-	2,520
Total Minimum Lease Payments	<u>\$ 93,091</u>	<u>12,600</u>
Less: Amounts Representing Interest		(919)
Present Value of Net Minimum Lease Payments		<u>\$ 11,681</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 14 donor-restricted endowment funds as of August 31, 2018. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets, both donor-restricted and board-designated, are reflected as investments held for long-term purposes on the statement of financial position.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Maine 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:

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NOTE 10 ENDOWMENTS (CONTINUED)

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ -	\$ 145,358	\$ 654,655	\$ 800,013
Total Funds	<u>\$ -</u>	<u>\$ 145,358</u>	<u>\$ 654,655</u>	<u>\$ 800,013</u>

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - Beginning of Year	\$ (7,945)	\$ 74,368	\$ 654,655	\$ 721,078
Investment Return:				
Investment Income	1,070	10,484	-	11,554
Net Appreciation (Realized and Unrealized)	6,875	67,391	-	74,266
Total Investment Return	<u>7,945</u>	<u>77,875</u>	<u>-</u>	<u>85,820</u>
Appropriation of Endowment Assets for Expenditure		<u>(6,885)</u>	<u>-</u>	<u>(6,885)</u>
Endowment Net Assets - End of Year	<u>\$ -</u>	<u>\$ 145,358</u>	<u>\$ 654,655</u>	<u>\$ 800,013</u>

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NOTE 10 ENDOWMENTS (CONTINUED)

Description of amounts classified as permanently 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	<u>\$ 654,655</u>
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Temporarily Restricted Net Assets:

The Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA: Without Purpose Restrictions	<u>\$ 145,358</u>
Total Endowment Funds Classified as Temporarily Restricted Net Assets	<u>\$ 145,358</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 were no underwater funds as of August 31, 2018. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the board of directors.

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 endowments 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 periods as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% 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 4% of the prior fiscal year-end endowment fund's balance which shall be made available annually for current operations unless the endowment is undervalued. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3% annually. 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 year ended August 31 2018:

Time Restrictions	\$ 145,358
Purpose Restrictions	<u>60,117</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 205,475</u></u>

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

Investments in Perpetuity, the Income from which is Expendable to Support Any Activities of the Foundation	<u><u>\$ 654,655</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 reaching 21 years of age. 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 \$5,423.

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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 \$193,385 were received from a single donor for the year ended August 31, 2018 which represents 11%, respectively, 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 February 28, 2019, the date at which the financial statements were available to be issued.

