

**MAKE-A-WISH FOUNDATION® OF
NEW JERSEY, INC.**

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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YEAR ENDED AUGUST 31, 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of New Jersey, Inc.
Monroe Township, New Jersey

We have audited the accompanying financial statements of Make-A-Wish Foundation® of New Jersey, Inc. which comprise the statement of financial position as of August 31, 2018 and the related statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
Make-A-Wish Foundation® of New Jersey, Inc.

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 New Jersey, Inc. 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

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Plymouth Meeting, Pennsylvania
December 10, 2018

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2018

ASSETS

Cash and Cash Equivalents	\$	637,896
Investments		6,862,919
Due from Related Entities		315,255
Prepaid Expenses		13,901
Contributions Receivable, Net		2,868,674
Other Assets		28,129
Split-Interest Agreements		431,986
Investments Held for Long-Term Purposes		1,734,664
Property and Equipment, Net		<u>7,402,284</u>
Total Assets	\$	<u><u>20,295,708</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$	460,120
Accrued Pending Wish Costs - Cash		1,440,115
Accrued Pending Wish Costs - In-Kind		1,006,120
Due to Related Entities		<u>222,981</u>
Total Liabilities		<u>3,129,336</u>

NET ASSETS

Unrestricted		12,957,248
Temporarily Restricted		2,014,787
Permanently Restricted		<u>2,194,337</u>
Total Net Assets		<u>17,166,372</u>
Total Liabilities and Net Assets	\$	<u><u>20,295,708</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT				
Public Support:				
Contributions	\$ 8,325,230	\$ 711,017	\$ 310,860	\$ 9,347,107
Grants	195,700	-	-	195,700
Total Public Support	<u>8,520,930</u>	<u>711,017</u>	<u>310,860</u>	<u>9,542,807</u>
Internal Special Events	1,019,253	-	-	1,019,253
Less Costs of Direct Benefits to Donors	<u>(535,354)</u>	<u>-</u>	<u>-</u>	<u>(535,354)</u>
Total Internal Special Events	483,899	-	-	483,899
Investment Income, Net	560,035	119,768	-	679,803
Other Income	8,031	-	-	8,031
Net Assets Released from Restrictions	<u>851,116</u>	<u>(851,116)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	10,424,011	(20,331)	310,860	10,714,540
EXPENSES				
Program Services:				
Wish Granting	8,680,468	-	-	8,680,468
Total Program Services	<u>8,680,468</u>	<u>-</u>	<u>-</u>	<u>8,680,468</u>
Support Services:				
Fundraising	1,588,973	-	-	1,588,973
Management and General	554,898	-	-	554,898
Total Support Services	<u>2,143,871</u>	<u>-</u>	<u>-</u>	<u>2,143,871</u>
Total Expenses	10,824,339	-	-	10,824,339
OTHER GAINS				
Change in Split-Interest Agreements	-	35,393	-	35,393
Total Other Gains	<u>-</u>	<u>35,393</u>	<u>-</u>	<u>35,393</u>
CHANGE IN NET ASSETS	(400,328)	15,062	310,860	(74,406)
Net Assets - Beginning of Year	<u>13,357,576</u>	<u>1,999,725</u>	<u>1,883,477</u>	<u>17,240,778</u>
NET ASSETS - END OF YEAR	<u>\$ 12,957,248</u>	<u>\$ 2,014,787</u>	<u>\$ 2,194,337</u>	<u>\$ 17,166,372</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
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	\$ 6,190,642	\$ -	\$ -	\$ -	\$ 6,190,642
Change in Pending Wish Liability	350,137	-	-	-	350,137
Salaries, Taxes, and Benefits	1,219,782	1,030,476	439,077	1,469,553	2,689,335
Printing, Subscriptions, and Publications	24,849	95,848	5,355	101,203	126,052
Professional Fees	-	12,516	8,171	20,687	20,687
Occupancy	136,045	45,475	12,585	58,060	194,105
Postage and Delivery	21,472	21,216	1,614	22,830	44,302
Travel	17,342	39,025	4,300	43,325	60,667
Meetings and Conferences	141,681	121,614	3,414	125,028	266,709
Office Supplies	36,431	32,529	13,537	46,066	82,497
Communications	17,303	14,543	6,292	20,835	38,138
Advertising and Media (Cash)	-	7,633	-	7,633	7,633
Advertising and Media (In-Kind)	-	1,500	-	1,500	1,500
Repairs and Maintenance	3,694	1,063	293	1,356	5,050
Membership Dues	-	2,490	940	3,430	3,430
Grants and Scholarships	100,000	-	-	-	100,000
Volunteer Training	951	-	-	-	951
National Partnership Dues	164,213	22,865	20,787	43,652	207,865
Miscellaneous	59,098	74,491	20,437	94,928	154,026
Depreciation and Amortization	196,828	65,689	18,096	83,785	280,613
Special Event Expenses	-	535,354	-	535,354	535,354
	<u>8,680,468</u>	<u>2,124,327</u>	<u>554,898</u>	<u>2,679,225</u>	<u>11,359,693</u>
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(535,354)	-	(535,354)	(535,354)
 Total Expenses Included in the Expense Section of the Statement of Activities	 <u>\$ 8,680,468</u>	 <u>\$ 1,588,973</u>	 <u>\$ 554,898</u>	 <u>\$ 2,143,871</u>	 <u>\$ 10,824,339</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (74,406)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation and Amortization	280,613
Contributions Restricted for Long-Term Investment	(280,000)
Net Realized and Unrealized Gains on Investments	(505,968)
Contributed Property and Equipment, Inventory, and Investments	(128,564)
Change in Value of Split-Interest Agreements	(35,393)
Change in Discount to Present Value of Contributions Receivable	11,542
(Increase) Decrease in Assets:	
Contributions Receivable	(495,171)
Due from Related Entities	(94,811)
Prepaid Expenses	8,582
Other Assets	8,041
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	270,156
Accrued Pending Wish Costs	(350,137)
Due to Related Entities	(210,112)
Net Cash Used by Operating Activities	<u>(1,595,628)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(2,343,944)
Proceeds from Sales of Investments	2,279,355
Purchases of Property and Equipment	(56,620)
Net Cash Used by Investing Activities	<u>(121,209)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Contributions Restricted for Long-Term Investment	280,000
Net Cash Provided by Financing Activities	<u>280,000</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

(1,436,837)

Cash and Cash Equivalents - Beginning of Year

2,074,733

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 637,896

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Contributed Property and Equipment, Inventory, Investments, and Split-Interest Agreements	\$ 128,564
Contributed Services	8,187
In-Kind Contributions	2,821,553

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (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 \$494,801 of money market bank 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 NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost of greater than \$1,000 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 40 years. Land improvements are depreciated over the estimated useful life of the asset. 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 NEW JERSEY, INC.
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 specified 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 NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Wish Related	\$ 2,672,760	\$ -	\$ -	\$ 2,672,760
Professional Services	-	16	8,171	8,187
Conferences/Events	95,393	4,786	-	100,179
Advertising and Media	-	1,500	-	1,500
Other	<u>2,890</u>	<u>875</u>	<u>245</u>	<u>4,010</u>
	<u>\$ 2,771,043</u>	<u>\$ 7,177</u>	<u>\$ 8,416</u>	2,786,636
Special Events				43,104
Financial Instruments (Asset)				117,551
Inventory (Asset)				11,013
Total				<u>\$ 2,958,304</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 is reported as contribution revenue and fundraising expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
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 New Jersey taxes under the provisions of Internal Revenue Code 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, 2018. 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 critical illnesses.

Fundraising

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

Management and General

All costs not identifiable with a specific 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.

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 3 FAIR VALUE MEASUREMENTS

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.

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 Investment Committee, which oversees the Foundation's investment program in accordance with established guidelines.

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy

The following table presents the fair value hierarchy of assets that are measured at fair value on a recurring basis at August 31, 2018:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 1,472,960	\$ -	\$ -	\$ 1,472,960
International Equity	337,783	-	-	337,783
Money Market Funds	163,733	-	-	163,733
Bonds	1,534,297	-	-	1,534,297
Equity Securities:				
U.S. Corporate Equity Securities	2,633,813	-	-	2,633,813
Foreign Equity Securities	822,675	-	-	822,675
Debt Securities:				
U.S. Treasury	-	781,490	-	781,490
U.S. Agency Corporate	-	52,586	-	52,586
	-	798,246	-	798,246
Total Recurring	<u>6,965,261</u>	<u>1,632,322</u>	-	<u>8,597,583</u>
Nonrecurring:				
Split-Interest Agreements	-	-	431,986	431,986
Total Nonrecurring	<u>-</u>	<u>-</u>	<u>431,986</u>	<u>431,986</u>
Total	<u>\$ 6,965,261</u>	<u>\$ 1,632,322</u>	<u>\$ 431,986</u>	<u>\$ 9,029,569</u>

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

For the valuation of Split-Interest Agreements at August 31, 2018, the Foundation used significant unobservable inputs such as present value of expected future amount to be received.

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

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

Balance - Beginning of Year	\$ 310,140
Total Gains (Realized/Unrealized) Included in Changes in Net Assets	35,393
Contributed Split-Interest Agreement	<u>86,453</u>
Balance - End of Year	<u><u>\$ 431,986</u></u>
Change in Unrealized Gains for the Period Included in the Change in Net Assets Relating to Investments Still Held at End of Reporting Period	<u><u>\$ 35,393</u></u>

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

Interest and Dividend Income	\$ 250,686
Realized and Unrealized Gains, Net	505,968
Less Investment Expenses	<u>(76,851)</u>
Investment Income, Net	<u><u>\$ 679,803</u></u>

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from 1.14% to 2.74% at August 31, 2018. The following is a summary of the Foundation's contributions receivable at August 31, 2018:

Total Amounts Due in:	
Within One Year	\$ 1,576,152
One to Five Years	1,460,000
More than Five Years	<u>50,000</u>
Gross Contributions Receivable	3,086,152
Less Allowance for Doubtful Accounts	(157,988)
Less Discount to Present Value	<u>(59,490)</u>
Contributions Receivable, Net	<u><u>\$ 2,868,674</u></u>

For contributions receivable at August 31, 2018, there were four donors who have contributions outstanding of approximately \$2,059,859. Combined, these represent approximately 67% of gross receivables at August 31, 2018.

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 5 SPLIT-INTEREST AGREEMENTS

Charitable Gift Annuities

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 the beneficiary of six 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 agreements convey unconditional rights to receive benefits. Subsequent changes in value of the underlying assets are recorded in the accompanying statement of activities as the change in value of split-interest agreements.

The Foundation's beneficial interest under split-interest agreements totaled \$431,986 at August 31, 2018. The Foundation was the recipient of additional gifts as of August 31, 2018 valued at \$86,453.

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 \$2,153,855 from these national revenue streams.

As part of the National Organization's Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation designated a gift of \$100,000 during the year August 31, 2018.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$248,591 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 \$7,200 for the year ended August 31, 2018, which is recorded in the accompanying statement of activities as other income.

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Amounts due from and to related entities are as follows:

Balance - August 31, 2018:	
Due from National Organization	\$ 306,290
Due from Other Chapters	8,965
Total Due from Related Entities	<u>\$ 315,255</u>
Due to National Organization	\$ 104,877
Due to Other Chapters	118,104
Total Due to Related Entities	<u>\$ 222,981</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 contributions and services.

During 2018, the Foundation received contributions, both cash and in-kind, from board members totaling \$462,759. In 2018, amounts due from board members totaled \$60,000, and are included in contributions receivable in the accompanying statement of financial position.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

Land	\$ 807,000
Land Improvements	1,640,060
Buildings and Building Improvements	6,443,935
Computer Equipment and Software	139,938
Office Furniture	96,507
Other Equipment	198,031
Total	<u>9,325,471</u>
Less Accumulated Depreciation and Amortization	<u>(1,923,187)</u>
Property and Equipment, Net	<u>\$ 7,402,284</u>

Depreciation and amortization expense totaled \$280,613 for the year ended August 31, 2018.

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 ACCRUED PENDING WISH COSTS

The Foundation accrues for estimated costs of reportable pending wishes when five certain, measurable wish criteria are met. Prior to meeting these five criteria, the wish is not considered an obligation due to the inherent uncertainties surrounding these criteria and is, therefore, not accrued as a pending wish. This accrual does not represent a legally binding liability but is considered a moral obligation to the child by the Foundation arising when the five criteria are met. Reportable pending wish criteria include:

1. Receiving a referral,
2. Obtaining the required medical eligibility form,
3. Contact with the wish family has occurred to determine the prospective wish,
4. Determination that the wish falls within the National Organization's wish granting policy,
5. The wish is expected to be granted within the next 12 months.

Estimated cash and in-kind costs are accrued as pending wish liability at year-end for all reportable approved pending wishes. The in-kind portion of the pending wish liability includes the estimated in-kind expenses that are expected to be incurred in fulfilling each wish even though the matching in-kind revenues are not recognized until the in-kind goods or services, or an unconditional promise for those in-kind goods or services, are received. Although not fully guaranteed, if the related expected in-kind revenue were recognized in the same fiscal period as the expected in-kind expense, total net assets at August 31, 2018 would increase by \$819,154 resulting in adjusted net assets of \$17,985,526.

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

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

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

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

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted	\$ -	\$ 371,662	\$ 1,363,000	\$ 1,734,662
Board-Designated	2,007,165	-	-	2,007,165
Total Funds	<u>\$ 2,007,165</u>	<u>\$ 371,662</u>	<u>\$ 1,363,000</u>	<u>\$ 3,741,827</u>

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 9 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Funds - Beginning of Year	\$ 1,943,464	\$ 306,923	\$ 1,083,000	\$ 3,333,387
Investment Return:				
Investment Income	21,370	66,569	-	87,939
Net Appreciation (Realized and Unrealized)	<u>137,001</u>	<u>53,199</u>	<u>-</u>	<u>190,200</u>
Total Investment Return	158,371	119,768	-	278,139
Contributions	-	-	280,000	280,000
Other Changes:				
Transfers to Remove Board- Designated Endowment Funds	<u>(94,670)</u>	<u>(55,029)</u>	<u>-</u>	<u>(149,699)</u>
Endowment Funds - End of Year	<u><u>\$ 2,007,165</u></u>	<u><u>\$ 371,662</u></u>	<u><u>\$ 1,363,000</u></u>	<u><u>\$ 3,741,827</u></u>

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets (endowment only) as of August 31, 2018:

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

\$ 1,363,000

Temporarily Restricted Net Assets:

The Portion of Perpetual Endowment Funds Subject
to a Time Restriction Under UPMIFA:
With Purpose Restrictions

\$ 371,662

Fund Deficiencies

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

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified 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 6.5% 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.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. 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 6.5% 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 10 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

Wish Granting	\$ 186,966
Appreciation on Endowment not yet appropriated	371,662
Other Time Restrictions	<u>1,456,159</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 2,014,787</u></u>

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
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NOTE 10 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

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 Activities Stipulated by Donors	\$ 1,363,000
Uncollected Pledges Receivable	<u>831,337</u>
	<u>\$ 2,194,337</u>

NOTE 11 RETIREMENT PLAN

The Foundation has a 403b defined contribution retirement plan which, upon approval of the board of directors, was frozen on December 31, 2015. Employees were eligible for participation as of their dates of employment and elected to defer a percentage of their salary subject to certain IRC limitations. The Foundation did not make any matching contributions to the 403b plan.

In August 2015, the board of directors approved a plan to adopt the Extensis Retirement Savings Plan (the Plan), the 401k defined contribution plan of its professional employer organization, which provides payroll and human resources services. This change occurred on January 1, 2016. Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of six months 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 4% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2018 were \$30,961.

NOTE 12 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash, cash equivalents, and investments. The Foundation places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the FDIC insurance coverage limit of \$250,000. From time to time throughout the year, the Foundation's cash balances may exceed the amount of the FDIC insurance coverage.

In-kind contributions totaling \$1,357,360 were received from a single donor for the year ended August 31, 2018, which represents 14% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
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NOTE 13 LITIGATION AND CLAIMS

The Foundation is not involved in litigation and claims arising in the ordinary course of business.

NOTE 14 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 10, 2018, the date at which the financial statements were available to be issued.



Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor.