

**MAKE-A-WISH FOUNDATION® OF SOUTHERN NEVADA**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED AUGUST 31, 2017 AND 2016**

**MAKE-A-WISH FOUNDATION® OF SOUTHERN NEVADA  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of Southern Nevada  
Las Vegas, Nevada

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

***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 Southern Nevada as of August 31, 2017 and 2016, and change in its net assets 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**

Phoenix, Arizona  
January 17, 2018

**MAKE-A-WISH FOUNDATION® OF SOUTHERN NEVADA**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2017 AND 2016**

	2017	2016
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 711,422	\$ 460,145
Investments	1,683,821	1,493,029
Due from Related Entities	79,119	57,801
Prepaid Expenses	19,332	24,690
Contributions Receivable, Net	22,965	37,925
In-kind Rent Receivable, Net of Discount	599,021	-
Other Assets	9,837	27,557
Property and Equipment, Net	129,366	32,632
Total Assets	\$ 3,254,883	\$ 2,133,779
<b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable and Accrued Expenses	\$ 286,961	\$ 159,920
Accrued Pending Wish Costs - Cash	621,126	586,169
Accrued Pending Wish Costs - In-Kinds	443,668	366,519
Due to Related Entities	11,782	5,839
Capital Lease Obligations	5,871	9,214
Total Liabilities	1,369,408	1,127,661
Net Assets		
Unrestricted	1,262,489	970,693
Temporarily Restricted	622,986	35,425
Total Net Assets	1,885,475	1,006,118
Total Liabilities and Net Assets	\$ 3,254,883	\$ 2,133,779

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF SOUTHERN NEVADA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2017**  
**(With Summary Totals For Year Ended August 31, 2016)**

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Public Support:				
Contributions, Net of Write-Offs	\$ 2,354,597	\$ 709,556	\$ 3,064,153	\$ 1,703,114
Grants	55,000	1,000	56,000	23,750
Total Public Support	<u>2,409,597</u>	<u>710,556</u>	<u>3,120,153</u>	<u>1,726,864</u>
Internal Special Events	732,394	-	732,394	962,520
Less Costs of Direct Benefits to Donors	<u>(140,555)</u>	-	<u>(140,555)</u>	<u>(164,035)</u>
Total Special Events	591,839	-	591,839	798,485
Investment Income, Net	127,841	-	127,841	90,072
Other Income	10,350	-	10,350	14,300
Net Assets Released from Restrictions	<u>122,995</u>	<u>(122,995)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>3,262,622</u>	<u>587,561</u>	<u>3,850,183</u>	<u>2,629,721</u>
<b>EXPENSES</b>				
Program Services:				
Wish Granting	<u>2,343,520</u>	-	<u>2,343,520</u>	<u>1,930,208</u>
Total Program Services	2,343,520	-	2,343,520	1,930,208
Support Services:				
Fundraising	378,512	-	378,512	336,597
Management and General	<u>241,754</u>	-	<u>241,754</u>	<u>135,492</u>
Total Support Services	620,266	-	620,266	472,089
Total Program and Support Services Expense	2,963,786	-	2,963,786	2,402,297
<b>OTHER EXPENSE</b>				
Loss on Disposal of Property and Equipment	<u>7,040</u>	-	<u>7,040</u>	<u>-</u>
Total Expenses and Losses	<u>2,970,826</u>	<u>-</u>	<u>2,970,826</u>	<u>2,402,297</u>
Change in Net Assets	291,796	587,561	879,357	227,424
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>970,693</u>	<u>35,425</u>	<u>1,006,118</u>	<u>778,694</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,262,489</u>	<u>\$ 622,986</u>	<u>\$ 1,885,475</u>	<u>\$ 1,006,118</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF SOUTHERN NEVADA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2016**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Net of Write-Offs	\$ 1,670,189	\$ 32,925	\$ 1,703,114
Grants	21,250	2,500	23,750
Total Public Support	<u>1,691,439</u>	<u>35,425</u>	<u>1,726,864</u>
Internal Special Events	962,520	-	962,520
Less Costs of Direct Benefits to Donors	<u>(164,035)</u>	<u>-</u>	<u>(164,035)</u>
Total Special Events	798,485	-	798,485
Investment Income, Net	90,072	-	90,072
Other Income	14,300	-	14,300
Net Assets Released from Restrictions	<u>94,236</u>	<u>(94,236)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>2,688,532</u>	<u>(58,811)</u>	<u>2,629,721</u>
<b>EXPENSES</b>			
Program Services:			
Wish Granting	1,930,208	-	1,930,208
Total Program Services	<u>1,930,208</u>	<u>-</u>	<u>1,930,208</u>
Support Services:			
Fundraising	336,597	-	336,597
Management and General	135,492	-	135,492
Total Support Services	<u>472,089</u>	<u>-</u>	<u>472,089</u>
Total Program and Support Services Expense	<u>2,402,297</u>	<u>-</u>	<u>2,402,297</u>
Change in Net Assets	286,235	(58,811)	227,424
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>684,458</u>	<u>94,236</u>	<u>778,694</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 970,693</u>	<u>\$ 35,425</u>	<u>\$ 1,006,118</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF SOUTHERN NEVADA**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 879,357	\$ 227,424
Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	27,042	20,252
Loss on Sale of Property and Equipment	7,040	-
Net Realized and Unrealized Gains on Investments	(73,705)	(64,924)
Contributed Property and Equipment and Inventory	(64,828)	-
Contribution of In-kind Rent Receivable	(686,591)	-
Change in In-kind Receivable	98,042	-
Change in Discount of Present Value of Contributions Receivable	(10,472)	-
Change in Attrition on Accrued Pending Wish Costs	(21,108)	(1,632)
Changes in Assets and Liabilities:		
Contributions Receivable	14,960	52,574
Due from Related Entities	(21,318)	(2,556)
Prepaid Expenses	5,358	12,415
Other Assets	25,607	(23,396)
Accounts Payable and Accrued Expenses	127,041	45,081
Accrued Pending Wish Costs	133,214	(137,348)
Due to Related Entities	5,943	(9,286)
Net Cash Provided by Operating Activities	445,582	118,604
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(605,407)	(1,324,117)
Proceeds from Sales of Investments	488,320	1,644,754
Purchases of Property and Equipment	(73,875)	(2,026)
Net Cash Provided by (Used in) Investing Activities	(190,962)	318,611
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease Obligations	(3,343)	(3,088)
Net Cash Used in Financing Activities	(3,343)	(3,088)
 Net Increase in Cash and Cash Equivalents	251,277	434,127
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	460,145	26,018
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 711,422	\$ 460,145
 <b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash Paid for Interest	\$ 616	\$ 873
Donated Property and Equipment and Inventory	64,828	-
In-Kind Rent Receivable	686,591	-

See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION® OF SOUTHERN NEVADA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2017**

	<u>Program Services</u>		<u>Support Services</u>		<u>Total</u>
	<u>Wish Granting</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total Support Services</u>	
Direct Costs of Wishes	\$ 1,367,695	\$ -	\$ -	\$ -	\$ 1,367,695
Salaries, Taxes, and Benefits	614,070	178,480	155,837	334,317	948,387
Printing, Subscriptions, and Publications	5,989	12,875	1,199	14,074	20,063
Professional Fees	79,116	30,856	25,339	56,195	135,311
Rent and Utilities	87,192	25,338	21,869	47,207	134,399
Postage and Delivery	2,732	4,158	710	4,868	7,600
Travel	4,767	2,813	2,753	5,566	10,333
Meetings and Conferences	36,543	17,357	8,313	25,670	62,213
Office Supplies	30,223	6,463	3,972	10,435	40,658
Communications	7,854	2,713	1,746	4,459	12,313
Advertising and Media (Cash)	708	1,324	9	1,333	2,041
Advertising and Media (In-Kind)	-	53,286	-	53,286	53,286
Membership Dues	409	754	346	1,100	1,509
National Partnership Dues	61,145	7,740	8,514	16,254	77,399
Miscellaneous	27,527	29,271	6,739	36,010	63,537
Depreciation and Amortization	17,550	5,084	4,408	9,492	27,042
Special Event Expenses	-	140,555	-	140,555	140,555
Investment Fees	-	-	13,716	13,716	13,716
	<u>2,343,520</u>	<u>519,067</u>	<u>255,470</u>	<u>774,537</u>	<u>3,118,057</u>
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(140,555)	-	(140,555)	(140,555)
Investment Fees	-	-	(13,716)	(13,716)	(13,716)
	<u>-</u>	<u>-</u>	<u>(13,716)</u>	<u>(13,716)</u>	<u>(13,716)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,343,520</u>	<u>\$ 378,512</u>	<u>\$ 241,754</u>	<u>\$ 620,266</u>	<u>\$ 2,963,786</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF SOUTHERN NEVADA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2016**

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 1,066,892	\$ -	\$ -	\$ -	\$ 1,066,892
Salaries, Taxes, and Benefits	624,791	159,295	96,013	255,308	880,099
Printing, Subscriptions, and Publications	3,979	11,427	790	12,217	16,196
Professional Fees	34,767	28,864	11,455	40,319	75,086
Rent and Utilities	60,252	15,454	9,324	24,778	85,030
Postage and Delivery	1,978	3,518	474	3,992	5,970
Travel	7,240	2,398	1,667	4,065	11,305
Meetings and Conferences	29,471	23,520	2,600	26,120	55,591
Office Supplies	17,038	3,193	1,599	4,792	21,830
Communications	7,500	2,387	1,052	3,439	10,939
Advertising and Media (Cash)	500	298	-	298	798
Advertising and Media (In-Kind)	-	53,188	-	53,188	53,188
Membership Dues	589	150	265	415	1,004
National Partnership Dues	43,454	6,601	4,951	11,552	55,006
Miscellaneous	17,378	22,659	3,074	25,733	43,111
Depreciation and Amortization	14,379	3,645	2,228	5,873	20,252
Special Event Expenses	-	164,035	-	164,035	164,035
Investment Fees	-	-	14,406	14,406	14,406
	<u>1,930,208</u>	<u>500,632</u>	<u>149,898</u>	<u>650,530</u>	<u>2,580,738</u>
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(164,035)	-	(164,035)	(164,035)
Investment Fees	-	-	(14,406)	(14,406)	(14,406)
	<u>-</u>	<u>-</u>	<u>(14,406)</u>	<u>(14,406)</u>	<u>(14,406)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,930,208</u>	<u>\$ 336,597</u>	<u>\$ 135,492</u>	<u>\$ 472,089</u>	<u>\$ 2,402,297</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF SOUTHERN NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017 AND 2016**

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of Southern Nevada (the Foundation) is a Nevada not-for-profit 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 (GAAP) applicable to not-for-profit 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 is \$313,058 and \$176,009, respectively, 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.

**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 3 to 5 years. Leasehold improvements are amortized over the shorter of the estimated useful lives of the assets 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.

**MAKE-A-WISH FOUNDATION® OF SOUTHERN NEVADA**  
**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.

**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 Inputs: 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 Inputs: 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 Inputs: 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 SOUTHERN NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017 AND 2016**

**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** – 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. Currently, 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** – Net assets that are not subject to donor-imposed restrictions or law.

**Revenue Recognition**

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discounts is recorded as additional contributions revenue. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**MAKE-A-WISH FOUNDATION® OF SOUTHERN NEVADA**  
**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 and services and materials that are included in the accompanying statements of activities as follows:

August 31, 2017				
	Program	Fundraising	Management and General	Total
Program and Support Service Expenses				
Wish Related	\$ 714,067	\$ -	\$ -	\$ 714,067
Professional Services	840	4,060	5,415	10,315
Advertising and Media	-	53,286	-	53,286
Other	31,005	2,192	4,488	37,685
	\$ 745,912	\$ 59,538	\$ 9,903	815,353
Special Events				102,300
In-Kind Rent Receivable				686,591
Inventory (Asset)				7,887
Property and Equipment (Capitalized)				56,941
Total				\$ 1,669,072

  

August 31, 2016				
	Program	Fundraising	Management and General	Total
Program and Support Service Expenses				
Wish Related	\$ 529,581	\$ -	\$ -	\$ 529,581
Professional Services	8,640	4,697	3,332	16,669
Advertising and Media	-	53,188	-	53,188
Other	8,143	2,082	571	10,796
	\$ 546,364	\$ 59,967	\$ 3,903	610,234
Special Events				133,475
Total				\$ 743,709

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 SOUTHERN NEVADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017 AND 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Foundation is a not-for-profit organization exempt from federal income and Nevada taxes under the provisions of Internal Revenue Code Section 501(c)(3) and the Nevada 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, 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. During the fiscal years ended August 31, 2017 and 2016, the Foundation incurred no significant joint costs for activities that include fundraising appeals.

**Management and General**

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

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

**MAKE-A-WISH FOUNDATION® OF SOUTHERN NEVADA**  
**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 useful lives of property and equipment, valuation of investments, in-kinds and contributions receivable, accrued pending wish costs, net of attrition, allocation of functional expenses, and whether an allowance for uncollectible contributions receivable is required.

**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 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 tables as of August 31, 2017 and 2016 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.

**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.



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**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Allocation of Investment Strategies**

At August 31, 2017 and 2016, all of the Foundations' investments were held in either exchange-traded bond funds, exchange traded real estate, U.S. corporate equity securities, foreign equity securities, and hedge funds within Level 1 or Level 2 of the fair value hierarchy.

**Fair Value Hierarchy**

The following table presents the placement in the fair value hierarchy of assets that are measured at fair value on a recurring basis at August 31, 2017:

	Quoted Prices In Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Investments:				
Exchange-Traded Funds:				
Bonds	\$ 330,210	\$ -	\$ -	\$ 330,210
Equity Securities:				
U.S. Corporate Equity Securities	1,092,106	-	-	1,092,106
Foreign Equity Securities	106,665	-	-	106,665
Hedge Funds	-	154,840	-	154,840
Total	<u>\$ 1,528,981</u>	<u>\$ 154,840</u>	<u>\$ -</u>	<u>\$ 1,683,821</u>

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**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value Hierarchy (Continued)**

The following table presents the placement in the fair value hierarchy of assets that are measured at fair value on a recurring basis at August 31, 2016:

	Quoted Prices In Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Investments:				
Exchange-Traded Funds:				
Real Estate	\$ 85,099	\$ -	\$ -	\$ 85,099
Bonds	509,424	-	-	509,424
Equity Securities:				
U.S. Corporate Equity Securities	723,985	-	-	723,985
Foreign Equity Securities	99,810	-	-	99,810
Hedge Funds	-	74,711	-	74,711
Total	<u>\$ 1,418,318</u>	<u>\$ 74,711</u>	<u>\$ -</u>	<u>\$ 1,493,029</u>

Total investment income, gains, and losses for the years ended August 31, 2017 and 2016 consist of the following:

	2017	2016
Interest and Dividend Income	\$ 67,852	\$ 39,554
Realized and Unrealized Gains, Net	73,705	64,924
Less Investment Expenses	(13,716)	(14,406)
Investment Income, Net	<u>\$ 127,841</u>	<u>\$ 90,072</u>

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**NOTE 4 CONTRIBUTIONS RECEIVABLE**

Contributions receivable include pledges that have been discounted at a rate of 2.1% and 0% August 31, 2017, and 2016, respectively.

The Foundation received an unconditional promise to give on January 31, 2017 for in-kind rent with an estimated fair market value of \$725,487. This unconditional promise to give was recorded at present value of the estimated fair value of the rents using a discount rate of 2.1%.

The following is a summary of the Foundation's contributions receivable at August 31, 2017:

	Contribution Receivable	In-Kind Rent Receivable	Totals
Total Amounts Due in:			
One Year	\$ 22,965	\$ 138,408	\$ 161,373
Two to Five Years	-	489,037	489,037
Gross Contributions Receivable	22,965	627,445	650,410
Less Allowance for Doubtful Accounts	-	-	-
Less Discount to Present Value	-	(28,424)	(28,424)
Contributions Receivable, Net	<u>\$ 22,965</u>	<u>\$ 599,021</u>	<u>\$ 621,986</u>

Contributions receivable at August 31, 2016 were \$37,925 and all were due within one year. Management has determined that all contributions receivables are fully collectable, therefore, no allowance for doubtful accounts is considered necessary at August 31, 2016.

The Foundation's contributions receivable at August 31, 2017, and 2016, consists of two contributors, which represent 100% of the balance for both years.

**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 years ended August 31, 2017 and 2016, respectively, the Foundation received \$536,632 and \$694,494, respectively, from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for annual 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 \$134,035 and \$89,006 were paid from the Foundation to the National Organization during the years ended August 31, 2017 and 2016, respectively.

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**NOTE 5 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 \$10,350 and \$14,300 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	\$ 69,474	\$ 48,463
Due from Other Chapters	9,645	9,338
Total Due from Related Entities	<u>\$ 79,119</u>	<u>\$ 57,801</u>
Due to National Organization	\$ 10	\$ -
Due to Other Chapters	11,772	5,839
Total Due to Related Entities	<u>\$ 11,782</u>	<u>\$ 5,839</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 \$207,299 and \$56,768, respectively.

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**NOTE 6 PROPERTY AND EQUIPMENT, NET**

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

	2017	2016
Computer Equipment and Software	\$ 58,751	\$ 34,397
Office Furniture	82,623	11,501
Other Equipment	37,598	29,375
	178,972	75,273
Less Accumulated Depreciation and Amortization	(49,606)	(42,641)
Property and Equipment, Net	\$ 129,366	\$ 32,632

Depreciation and amortization expense totaled \$27,042 and \$20,252 for the years ended August 31, 2017 and 2016, respectively.

**NOTE 7 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 are accrued as pending wish liability at year-end for all reportable 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, 2017 would be increased by \$420,703 resulting in adjusted net assets of \$2,306,178.

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**NOTE 7 ACCRUED PENDING WISH COSTS (CONTINUED)**

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 137 and 115 reportable pending wishes, respectively.

**NOTE 8 LINE OF CREDIT**

The Foundation has a secured line of credit with a financial institution totaling \$850,000, bearing interest at the LIBOR daily floating rate plus 2.375% and is payable immediately upon demand by the bank. The line of credit is secured by all investments of the Foundation. There was \$0- outstanding on this line of credit as of August 31, 2017 and 2016.

**NOTE 9 LEASES**

The Foundation is obligated under a capital and an operating lease for office and equipment. The capital lease expires on March 1, 2019. The operating lease expired on December 15, 2016 and was replaced by donated in-kind rent with a payment of \$1 for each year. The lease expires on December 15, 2021. As of August 31, 2017 and 2016, the cost of leased property and equipment under the capital lease was \$16,275, and accumulated depreciation was \$11,121 and \$7,866, respectively. Total rent expense for all operating leases for the years ended August 31, 2017 and 2016 totaled \$138,174 and \$82,985, respectively.

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

	Capital Leases
<u>Year Ending August 31:</u>	
2018	\$ 3,960
2019	2,310
Total Minimum Lease Payments	6,270
Less Amounts Representing Interest	(399)
Present Value of Net Minimum Lease Payments	\$ 5,871

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**NOTE 10 TEMPORARILY RESTRICTED NET ASSETS**

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

	2017	2016
Time Restrictions	\$ 599,021	\$ -
Purpose Restrictions	23,965	35,425
Total Temporarily Restricted Net Assets	\$ 622,986	\$ 35,425

**NOTE 11 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 three 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 100% of employee contributions up to the first 3% of compensation and 50% of the next 2% of compensation. Foundation contributions to the Plan for the years ended August 31, 2017 and 2016 were \$25,402 and \$25,350, respectively.

**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 from one donor totaled \$185,831 and \$154,452 for the years ended August 31, 2017 and 2016, respectively, which represents 6% and 9%, respectively, of total public support.

In 2017, another donor contributed in-kind rent totaling \$686,591, which represents 22% of total public support.

**NOTE 13 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through January 17, 2018, the date at which the financial statements were available to be issued.