

**MAKE A WISH FOUNDATION® OF CENTRAL
NEW YORK, INC.**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2017 AND 2016

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Central New York, Inc.
East Syracuse, New York

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Central New York, Inc. (the Foundation), which comprise the statements of financial position as of August 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows 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 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 Central New York, 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 Central New York, Inc. 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

Plymouth Meeting, Pennsylvania
December 14, 2017

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2017 AND 2016

ASSETS	2017	2016
Cash and Cash Equivalents	\$ 54,768	\$ 90,476
Investments	358,919	331,571
Beneficial Interest Held by Others	158,820	151,613
Due from Related Entities	36,814	50,982
Prepaid Expenses	10,067	16,537
Contributions Receivable	118,976	136,179
Other Assets	35,602	20,769
Property and Equipment, Net	405,530	418,056
Restricted Cash	180,724	180,365
Total Assets	\$ 1,360,220	\$ 1,396,548
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 85,943	\$ 62,830
Accrued Pending Wish Costs - Cash	440,690	369,948
Accrued Pending Wish Costs - In-Kinds	256,741	170,224
Due to Related Entities	6,233	1,666
Other Liabilities	55,964	86,215
Total Liabilities	845,571	690,883
Net Assets		
Unrestricted	49,624	264,892
Temporarily Restricted	336,906	312,654
Permanently Restricted	128,119	128,119
Total Net Assets	514,649	705,665
Total Liabilities and Net Assets	\$ 1,360,220	\$ 1,396,548

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2017
(With Summary Totals For Year Ended August 31, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2016 Total
REVENUES, GAINS, AND OTHER SUPPORT					
Public Support:					
Contributions	\$ 783,531	\$ -	\$ -	\$ 783,531	\$1,021,637
In-Kind Contributions	234,711	67,175	-	301,886	435,856
Grants	96,739	-	-	96,739	103,412
Total Public Support	<u>1,114,981</u>	<u>67,175</u>	<u>-</u>	<u>1,182,156</u>	<u>1,560,905</u>
Internal Special Events	441,575	35,602	-	477,177	497,069
Less Costs of Direct Benefits to Donors	(109,034)	-	-	(109,034)	(187,992)
Total Special Events	<u>332,541</u>	<u>35,602</u>	<u>-</u>	<u>368,143</u>	<u>309,077</u>
Investment Income, Net	29,910	7,695	-	37,605	9,393
Change in Beneficial Interest Held by Others	-	7,207	-	7,207	5,578
Other Income	300	-	-	300	995
Net Assets Released from Restrictions	93,427	(93,427)	-	-	-
Total Revenues, Gains, and Other Support	<u>1,571,159</u>	<u>24,252</u>	<u>-</u>	<u>1,595,411</u>	<u>1,885,948</u>
EXPENSES					
Program Services:					
Wish Granting	1,338,387	-	-	1,338,387	1,300,728
Total Program Services	<u>1,338,387</u>	<u>-</u>	<u>-</u>	<u>1,338,387</u>	<u>1,300,728</u>
Support Services:					
Fundraising	308,417	-	-	308,417	306,319
Management and General	139,623	-	-	139,623	166,319
Total Support Services	<u>448,040</u>	<u>-</u>	<u>-</u>	<u>448,040</u>	<u>472,638</u>
Total Expenses	<u>1,786,427</u>	<u>-</u>	<u>-</u>	<u>1,786,427</u>	<u>1,773,366</u>
Change in Net Assets	(215,268)	24,252	-	(191,016)	112,582
NET ASSETS, BEGINNING OF YEAR	264,892	312,654	128,119	705,665	593,083
NET ASSETS, END OF YEAR	<u>\$ 49,624</u>	<u>\$ 336,906</u>	<u>\$ 128,119</u>	<u>\$ 514,649</u>	<u>\$ 705,665</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Public Support:				
Contributions	\$ 966,137	\$ 50,500	\$ 5,000	\$1,021,637
In-Kind Contributions	396,143	39,713	-	435,856
Grants	70,595	32,817	-	103,412
Total Public Support	<u>1,432,875</u>	<u>123,030</u>	<u>5,000</u>	<u>1,560,905</u>
Internal Special Events	476,793	20,276	-	497,069
Less Costs of Direct Benefits to Donors	(187,992)	-	-	(187,992)
Total Special Events	<u>288,801</u>	<u>20,276</u>	<u>-</u>	<u>309,077</u>
Investment Income, Net	7,096	2,297	-	9,393
Change in Beneficial Interest Held by Others	-	5,578	-	5,578
Other Income	995	-	-	995
Net Assets Released from Restrictions	105,142	(105,142)	-	-
Total Revenues, Gains, and Other Support	<u>1,834,909</u>	<u>46,039</u>	<u>5,000</u>	<u>1,885,948</u>
EXPENSES				
Program Services:				
Wish Granting	1,300,728	-	-	1,300,728
Total Program Services	<u>1,300,728</u>	<u>-</u>	<u>-</u>	<u>1,300,728</u>
Support Services:				
Fundraising	306,319	-	-	306,319
Management and General	166,319	-	-	166,319
Total Support Services	<u>472,638</u>	<u>-</u>	<u>-</u>	<u>472,638</u>
Total Expenses	<u>1,773,366</u>	<u>-</u>	<u>-</u>	<u>1,773,366</u>
Change in Net Assets	61,543	46,039	5,000	112,582
NET ASSETS, BEGINNING OF YEAR	203,349	266,615	123,119	593,083
NET ASSETS, END OF YEAR	<u>\$ 264,892</u>	<u>\$ 312,654</u>	<u>\$ 128,119</u>	<u>\$ 705,665</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (191,016)	\$ 112,582
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation	20,554	20,657
Bad Debt Expense	500	-
Contributions Restricted for Long-Term Investment	-	(5,000)
Net Realized and Unrealized (Gains) Losses on Investments	(27,348)	2,346
Change in Beneficial Interest Held by Others	(7,207)	(5,578)
Changes in Assets and Liabilities:		
Contributions Receivable	16,703	2,970
Due from Related Entities	14,168	(36,578)
Prepaid Expenses	6,470	(464)
Other Assets	(14,833)	18,183
Accounts Payable and Accrued Expenses	23,113	5,984
Accrued Pending Wish Costs	157,259	(62,377)
Due to Related Entities	4,567	(2,043)
Other Liabilities	(30,251)	(21,157)
Net Cash (Used in) Provided by Operating Activities	(27,321)	29,525
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	-	(14,784)
Proceeds from Sales of Investments	-	68,729
Purchases of Property and Equipment	(8,028)	(8,242)
Net Cash (Used in) Provided by Investing Activities	(8,028)	45,703
CASH FLOW FROM FINANCING ACTIVITIES		
Contributions Restricted for Long-Term Investment	-	5,000
Net (Repayments) on Line of Credit	-	(95,788)
Net Cash Used in Financing Activities	-	(90,788)
Net Decrease in Cash and Cash Equivalents	(35,349)	(15,560)
CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH, BEGINNING OF YEAR	270,841	286,401
CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH, END OF YEAR	\$ 235,492	\$ 270,841

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2017

	Program Services	Support Services			Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 937,137	\$ -	\$ -	\$ -	\$ 937,137
Salaries, Taxes, and Benefits	209,532	206,759	113,056	319,815	529,347
Printing, Subscriptions, and Publications	42,226	40,067	1,296	41,363	83,589
Professional Fees	686	9,040	6,588	15,628	16,314
Rent and Utilities	15,173	3,221	2,276	5,497	20,670
Postage and Delivery	4,592	7,260	380	7,640	12,232
Travel	4,453	1,508	1,318	2,826	7,279
Meetings and Conferences	11,446	14,103	4,541	18,644	30,090
Office Supplies	9,897	3,429	1,847	5,276	15,173
Communications	7,746	1,447	503	1,950	9,696
Advertising and Media (Cash)	11,370	1,965	-	1,965	13,335
Repairs and Maintenance	3,718	690	230	920	4,638
Bad Debt Expense	-	500	-	500	500
Membership Dues	1,620	300	660	960	2,580
Volunteer Training	3,182	207	-	207	3,389
National Partnership Dues	42,273	7,926	2,642	10,568	52,841
Miscellaneous	16,893	6,912	3,258	10,170	27,063
Depreciation	16,443	3,083	1,028	4,111	20,554
Special Event Expenses	-	109,034	-	109,034	109,034
Investment Fees	-	-	5,738	5,738	5,738
	<u>1,338,387</u>	<u>417,451</u>	<u>145,361</u>	<u>562,812</u>	<u>1,901,199</u>
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(109,034)	-	(109,034)	(109,034)
Investment Fees	-	-	(5,738)	(5,738)	(5,738)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,338,387</u>	<u>\$ 308,417</u>	<u>\$ 139,623</u>	<u>\$ 448,040</u>	<u>\$ 1,786,427</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
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	\$ 919,519	\$ -	\$ -	\$ -	\$ 919,519
Salaries, Taxes, and Benefits	197,342	197,351	130,011	327,362	524,704
Printing, Subscriptions, and Publications	31,326	44,211	774	44,985	76,311
Professional Fees	3,215	13,911	11,465	25,376	28,591
Rent and Utilities	15,672	2,817	1,974	4,791	20,463
Postage and Delivery	4,858	7,898	272	8,170	13,028
Travel	1,651	2,114	1,834	3,948	5,599
Meetings and Conferences	17,211	7,198	6,187	13,385	30,596
Office Supplies	8,851	8,487	460	8,947	17,798
Communications	7,908	1,394	462	1,856	9,764
Advertising and Media	17,319	2,770	160	2,930	20,249
Repairs and Maintenance	3,211	595	198	793	4,004
Membership Dues	1,300	914	570	1,484	2,784
Volunteer Training	2,083	499	-	499	2,582
National Partnership Dues	40,545	5,645	5,132	10,777	51,322
Miscellaneous	12,193	7,416	5,786	13,202	25,395
Depreciation	16,524	3,099	1,034	4,133	20,657
Special Event Expenses	-	187,992	-	187,992	187,992
Investment Fees	-	-	6,011	6,011	6,011
	<u>1,300,728</u>	<u>494,311</u>	<u>172,330</u>	<u>472,638</u>	<u>1,773,366</u>
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(187,992)	-	(187,992)	(187,992)
Investment Fees	-	-	(6,011)	(6,011)	(6,011)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,300,728</u>	<u>\$ 306,319</u>	<u>\$ 166,319</u>	<u>\$ 472,638</u>	<u>\$ 1,773,366</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Central New York, Inc. (the Foundation) is a New York State 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. 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 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 \$3,199 and \$52,228, 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. Contributions are written off when deemed uncollectible.

Property and Equipment, Net

Property and equipment having a unit cost of 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 40 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.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
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.

Net Assets

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

- **Permanently restricted net assets** – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for unrestricted purposes.
- **Temporarily restricted net assets** – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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

Revenue Recognition

Unconditional promises to give are recognized initially at fair value as contribution 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.

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

August 31, 2017				
	Programs	Fundraising	Management and General	Total
Wish Related	\$ 270,898	\$ -	\$ -	\$ 270,898
Other	16,398	6,404	8,186	30,988
	<u>\$ 287,296</u>	<u>\$ 6,404</u>	<u>\$ 8,186</u>	<u>301,886</u>
Special Events				20,615
Total				<u>\$ 322,501</u>
August 31, 2016				
	Programs	Fundraising	Management and General	Total
Wish Related	\$ 430,893	\$ -	\$ -	\$ 430,893
Other	4,312	291	360	4,963
	<u>\$ 435,205</u>	<u>\$ 291</u>	<u>\$ 360</u>	<u>435,856</u>
Special Events				36,009
Total				<u>\$ 471,865</u>

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

An internal special event is a fund raising 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. Donated program or supporting services expenses were recorded at fair value totaling \$301,886 and \$435,856 in 2017 and 2016, respectively.

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 or public information expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value. Advertising costs totaled \$13,335 and \$20,249 for the years ended August 31, 2017 and 2016, respectively.

Income Taxes

The Foundation is a not-for-profit organization exempt from federal income and New York State taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 805 of the New York State Tax Code. 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 state jurisdictions.

Functional Expenses

The Foundation performs six functions: wish granting, program-related support, training and development, public information, fundraising, and management and general. Definitions of these functions are as follows:

Wish Granting

Activities performed by the Foundation that grant 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.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

Management and General

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

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

Management Estimates

The preparation of financial statements in conformity with 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 allocation of functional expenses, accrued pending wish costs, and net of attrition on pending wish costs.

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.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments

Overall Investment Objective

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a 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.

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. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly. Private equity funds employ buy-out and venture capital strategies and focus on investments in turn-around situations. Real estate funds generally hold interests in public real estate investment trusts (REITS) or commercial real estate through sole-member entities. Private equity and real asset strategies therefore often require the estimation of fair values by the fund managers in the absence of readily determinable market values. 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.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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:

	Fair Value Measurements at August 31, 2017 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 272,079	\$ -	\$ -	\$ 272,079
Debt Securities:				
Corporate	-	86,840	-	86,840
Total Recurring	<u>\$ 272,079</u>	<u>\$ 86,840</u>	<u>\$ -</u>	<u>\$ 358,919</u>
Beneficial Interest in Assets Held by Others	-	-	158,820	158,820
Total	<u>\$ 272,079</u>	<u>\$ 86,840</u>	<u>\$ 158,820</u>	<u>\$ 517,739</u>

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

	Fair Value Measurements at August 31, 2016 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 263,189	\$ -	\$ -	\$ 263,189
Debt Securities:				
Corporate	-	68,382	-	68,382
Total Recurring	<u>\$ 263,189</u>	<u>\$ 68,382</u>	<u>\$ -</u>	<u>\$ 331,571</u>
Beneficial Interest in Assets Held by Others	-	-	151,613	151,613
Total	<u>\$ 263,189</u>	<u>\$ 68,382</u>	<u>\$ 151,613</u>	<u>\$ 483,184</u>

For the valuation of corporate debt securities at August 31, 2017 and 2016, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

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	\$ 10,257	\$ 11,739
Realized and Unrealized Gain (Loss), Net	27,348	(2,346)
Investment Income, Net	<u>\$ 37,605</u>	<u>\$ 9,393</u>

The following table presents a rollforward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the years ended August 31, 2017 and 2016:

	2017	2016
Beginning Balance	\$ 151,613	\$ 141,035
Transfers into Level 3	-	5,000
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	7,207	5,578
Ending Balance	<u>\$ 158,820</u>	<u>\$ 151,613</u>
Change in Unrealized Gains or Losses for the Period Included in the Change in Net Assets Relating to Investments Still Held at End of Reporting Period	<u>\$ 7,207</u>	<u>\$ 5,578</u>

NOTE 4 CONTRIBUTIONS RECEIVABLE

Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2017 and 2016.

NOTE 5 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

As of August 31, 2017, the Foundation had a beneficial interest in assets held by others of \$158,820. This interest consists of funds contributed to the Wishes Forever Endowment Fund at National Organization. An endowment agreement has been signed between the Foundation and National Organization and thus the original corpus and any accumulated earnings are not redeemable by the Foundation at any time. Distributions from earnings will be made by the National Organization to the Foundation according to the National Organization's Endowment Spending Policy. See Note 3 for fair value disclosures related to this asset. There is \$128,119 of permanently restricted net assets included in the beneficial interest, as disclosed in Note 11. The remaining balance is unrestricted.

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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 years ended August 31, 2017 and 2016, the Foundation received \$286,616 and \$315,071, respectively, from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation of America pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$52,841 and \$51,322 were paid from the Foundation to the National Organization during the years ended August 31, 2017 and 2016, respectively.

Amounts due from and to related entities are as follows:

	2017	2016
Balance at August 31:		
Due from National Organization	\$ 36,814	\$ 50,982
Due to Other Chapters	6,233	1,666

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 \$9,084 and \$11,150, respectively. No amounts were due from board members at August 31, 2017 and 2016.

NOTE 7 PROPERTY AND EQUIPMENT, NET

Property and equipment as of August 31, 2017 and 2016 consist of the following:

	2017	2016
Land	\$ 250,000	\$ 250,000
Buildings and Building Improvements	197,769	197,769
Computer Equipment and Software	134,777	134,777
Office Furniture	174,198	166,170
	756,744	748,716
Less Accumulated Depreciation	(351,214)	(330,660)
Property and Equipment, Net	\$ 405,530	\$ 418,056

Depreciation and amortization expense totaled \$20,554 and \$20,657 for the years ended August 31, 2017 and 2016, respectively.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
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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, and
5. The wish is expected to be granted within the next 12 months.

As of August 31, 2017 and 2016, the Foundation had 65 and 58 reportable pending wishes, respectively.

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 \$145,300 resulting in adjusted net assets of \$659,949.

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, the Foundation had one reportable wish and three in 2016.

NOTE 9 LINE OF CREDIT

The Foundation has an unsecured line of credit with a financial institution totaling \$100,000, bearing interest at prime rate (4.00 at August 31, 2017) plus 1.5%. As of August 31, 2017 and 2016, there were no outstanding borrowings on this line of credit.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
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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 four 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 statements of financial position.

Interpretation of Relevant Law

The Foundation follows the provisions of ASC 958, Section 205-45, *Classification of Donor-Restricted Endowment Funds Subject to UPMIFA*. These provisions provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also require disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

In September 2010, New York State enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA). The Foundation has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of the donor-restricted endowment fund as is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to intent of the donor as expressed in the gift instrument absent explicit donor stipulations to the contrary. Accounting guidance associated with the enactment of NYPMIFA as set forth in ASC 958, Section 205-45, *Classification of Donor-Restricted Endowment Funds Subject to UPMIFA*, required the portion of a donor-restricted that is not classified as permanently restricted to be classified as temporarily restricted net assets until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

As noted above, the board of trustees of the Foundation has interpreted the NYPMIFA 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 NYPMIFA. In accordance with NYPMIFA, 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

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NOTE 10 ENDOWMENTS (CONTINUED)

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 assets as of August 31, 2017 and 2016 consisted of \$128,119 for both years ended of permanently restricted donor-restricted endowment funds. These assets are perpetual endowment funds that are required to be retained permanently either by explicit donor stipulation or by NYPMIFA.

Changes in endowment net assets for the years ended August 31, 2017 and 2016 are as follows:

	2017			2016		
	Temporarily Restricted	Permanently Restricted	Total	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets,						
Beginning of Year	\$ 7,695	\$ 128,119	\$ 135,814	\$ (230)	\$ 123,119	\$ 122,889
Investment Income	2,283	-	2,283	2,931	-	2,931
Gain on National Endowment Fund	12,346	-	12,346	4,994	-	4,994
Contributions	-	-	-	-	5,000	5,000
Administrative Charges	(1,516)	-	(1,516)	-	-	-
Release of Funds	(5,906)	-	(5,906)	-	-	-
Endowment Net Assets,						
End of Year	<u>\$ 14,902</u>	<u>\$ 128,119</u>	<u>\$ 143,021</u>	<u>\$ 7,695</u>	<u>\$ 128,119</u>	<u>\$ 135,814</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 NYPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies at August 31, 2017 and 2016.

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 period 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.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 ENDOWMENTS (CONTINUED)

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 4% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end proceeding 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 1% 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, 2017 and 2016:

	2017	2016
Time Restrictions	\$ 38,000	\$ 43,000
Capital Campaigns	165,840	169,504
Wish Granting	52,342	39,713
Other Purpose	80,724	60,437
Total Temporarily Restricted Net Assets	<u>\$ 336,906</u>	<u>\$ 312,654</u>

The capital campaign, which began in 2006, was used for building improvements of a donated building received by the Foundation in 2005. The remaining amounts and any future contributions received related to the capital campaign will be used for building renovations and building operational needs and wish granting.

For the years ended August 31, 2017 and 2016, permanently restricted net assets of \$128,119 for both years ended were restricted for investments in perpetuity, the income from which is expendable to support future wishes.

MAKE-A-WISH FOUNDATION® OF CENTRAL NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
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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 and upon completion of 90 days of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 3% of the employee's salary. The Foundation's contributions to the Plan for the years ended August 31, 2017 and 2016 were \$14,944 and \$12,361, respectively.

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 \$126,710 and \$146,134, were received from a single donor for the years ended August 31, 2017 and 2016, respectively, which represents 10% of total public support for each year. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 14 LITIGATION AND CLAIMS

The Foundation is not involved in any litigation or claims.

NOTE 15 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 14, 2017, the date at which the financial statements were available to be issued, and determined that there are no items to disclose.



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