

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019



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**MAKE-A-WISH FOUNDATION® OF CONNECTICUT
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YEAR ENDED AUGUST 31, 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Connecticut
Trumbull, Connecticut

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Connecticut, which comprise the statement of financial position as of August 31, 2019, and the related statements of activities, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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 Connecticut as of August 31, 2019, and change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 2 to the financial statements, Make-A-Wish Foundation® of Connecticut adopted a new accounting principle during the year ended August 31, 2019: Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Make-A-Wish Foundation® of Connecticut also changed an accounting policy with the elimination of the pending wish liability from the Foundation’s statement of financial position. Our opinion is not modified with respect to these matters.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
January 8, 2020

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019

ASSETS

Cash and Cash Equivalents	\$	54,906
Investments		3,882,859
Due from Related Entities		36,860
Prepaid Expenses		159,630
Contributions Receivable, Net		401,115
Other Assets		2,757
Split-Interest Agreement		17,074
Investments Held for Long-Term Purposes		429,471
Property and Equipment, Net		2,419,899
Beneficial Interest in Assets Held by National		<u>154,037</u>
Total Assets	\$	<u><u>7,558,608</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$	514,767
Due to Related Entities		15,703
Deferred Rent		2,589
Capital Lease Obligations		<u>6,105</u>
Total Liabilities		<u>539,164</u>

NET ASSETS

Without Donor Restrictions		6,088,245
With Donor Restrictions		<u>931,199</u>
Total Net Assets		<u><u>7,019,444</u></u>
Total Liabilities and Net Assets	\$	<u><u>7,558,608</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 4,431,126	\$ 365,978	\$ 4,797,104
Grants	91,152	-	91,152
Total Public Support	4,522,278	365,978	4,888,256
Internal Special Events	1,351,724	-	1,351,724
Less: Costs of Direct Benefits to Donors	(290,128)	-	(290,128)
Total Internal Special Events	1,061,596	-	1,061,596
Investment Income, Net	199,901	22,727	222,628
Other Income, Net	1,198	-	1,198
Net Assets Released from Restrictions	234,710	(234,710)	-
	6,019,683	153,995	6,173,678
EXPENSES			
Program Services:			
Wish Granting	4,261,212	-	4,261,212
Total Program Services	4,261,212	-	4,261,212
Support Services:			
Fundraising	1,170,057	-	1,170,057
Management and General	311,277	-	311,277
Total Support Services	1,481,334	-	1,481,334
	5,742,546	-	5,742,546
CHANGE IN NET ASSETS	277,137	153,995	431,132
Net Assets - Beginning of Year - Before Change in Accounting Policy	4,118,223	777,204	4,895,427
Change in Accounting Policy	1,692,885	-	1,692,885
Net Assets - Beginning of Year - As Adjusted	5,811,108	777,204	6,588,312
NET ASSETS - END OF YEAR	\$ 6,088,245	\$ 931,199	\$ 7,019,444

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2019

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 2,754,753	\$ -	\$ -	\$ -	\$ -	\$ 2,754,753
Salaries, Taxes, and Benefits	938,906	543,577	164,720	708,297	-	1,647,203
Printing, Subscriptions, and Publications	4,387	21,945	414	22,359	-	26,746
Professional Fees	51,036	56,077	79,792	135,869	-	186,905
Rent and Utilities	68,050	39,397	11,939	51,336	-	119,386
Postage and Delivery	9,759	4,639	731	5,370	-	15,129
Travel	12,855	16,974	6,050	23,024	-	35,879
Meetings and Conferences	18,452	75,853	4,414	80,267	-	98,719
Office Supplies	42,366	16,995	2,154	19,149	-	61,515
Communications	10,816	6,383	1,897	8,280	-	19,096
Advertising and Media (Cash)	-	46	-	46	-	46
Advertising and Media (In-Kind)	-	299,912	-	299,912	-	299,912
Insurance	1,178	682	207	889	-	2,067
Repairs and Maintenance	3,079	1,741	527	2,268	-	5,347
Membership Dues	1,369	1,826	210	2,036	-	3,405
Grants and Scholarships	120,000	-	-	-	-	120,000
National Partnership Dues	179,056	24,932	22,665	47,597	-	226,653
Miscellaneous	34,554	52,943	13,698	66,641	-	101,195
Depreciation and Amortization	10,596	6,135	1,859	7,994	-	18,590
Special Event - Direct Donor Benefits	-	-	-	-	290,128	290,128
Total	4,261,212	1,170,057	311,277	1,481,334	290,128	6,032,674
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(290,128)	(290,128)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 4,261,212	\$ 1,170,057	\$ 311,277	\$ 1,481,334	\$ -	\$ 5,742,546

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF CONNECTICUT
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 431,132
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	18,590
Net Realized and Unrealized Losses on Investments	37,620
Contribution of Split-Interest Agreement	(17,074)
Contribution of Beneficial Interest in Assets Held by National	(150,000)
Change in Beneficial Interest in Assets Held by National	(4,037)
Change in Discount to Present Value of Contributions Receivable	(5,741)
(Increase) Decrease in Assets:	
Contributions Receivable	(28,105)
Due from Related Entities	15,883
Prepaid Expenses	(97,135)
Other Assets	2,940
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	159,630
Due to Related Entities	(22,186)
Deferred Rent	(6,086)
Net Cash Provided by Operating Activities	335,431

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(1,763,122)
Proceeds from Sales of Investments	3,427,493
Purchases of Property and Equipment	(2,406,758)
Net Cash Used by Investing Activities	(742,387)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal Payments on Capital Lease Obligations	(4,529)
Net Cash Used by Financing Activities	(4,529)

NET DECREASE IN CASH AND CASH EQUIVALENTS

(411,485)

Cash and Cash Equivalents - Beginning of Year

466,391

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 54,906

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest Paid	\$ 687
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See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America 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.

Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in net assets without donor restrictions 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 40 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

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.

See additional information in Note 4.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restriction when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as Net Assets Released from Restrictions.

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 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 CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Foundation received in-kind contributions of assets and services that are included in the accompanying statement of activities as follows:

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Wish Related	\$ 1,423,878	\$ -	\$ -	\$ 1,423,878
Advertising and Media	-	299,912	-	299,912
Other	1,340	1,082	235	2,657
Total	<u>\$ 1,425,218</u>	<u>\$ 300,994</u>	<u>\$ 235</u>	<u>1,726,447</u>
Special Events				1,363
Total				<u>\$ 1,727,810</u>

An internal special event is a fundraising event coordinated and staffed by Foundation personnel rather than a third-party support group or organization. It is designed to attract people for the purpose of raising mission awareness, for increasing funding from existing donors, and the cultivation of future donors. Internal special event in-kind amounts are donated items recorded at fair value that are used in facilitating the event. Examples of such donated items are generally food, beverage, facility costs, and auction items.

Advertising and media is used to help the Foundation communicate its message or mission and includes fundraising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes.

Donated advertising and media are reported as contribution revenue when received and fundraising 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.

Income Taxes

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

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2019. The Foundation files income tax returns in the U.S. federal jurisdiction and Connecticut jurisdiction.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 single program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

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

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. Unamortized deferred rent was \$2,589 at August 31, 2019.

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.

**MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle – Adoption of ASU 2016-14

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statement of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The adoption of this standard did not impact the Foundation’s net assets as of September 1, 2018.

Change in Accounting Policy – Pending Wish Liability

Through the fiscal year ended August 31, 2018, the Foundation accrued for estimated costs of reportable pending wishes when five certain, measurable wish criteria were met. This accrual did not represent a legally binding liability but was considered a moral obligation to the child by the Foundation arising when the five criteria were met. Given the changes to the wish granting environment that have occurred in recent years, the Foundation determined that the calculation was no longer representative of the future obligations. The Foundation remains committed to its mission. Please see the commitment footnote for details about future wish granting obligations. As a result of this change in accounting policy, net assets without restriction as of September 1, 2018 have increased by \$1,692,885.

NOTE 3 LIQUIDITY AND AVAILABILITY

The Foundation monitors liquidity regularly through the monthly financial package provided to the board and through the enterprise-wide benchmarks of excellence. Holding 6 months to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

Total Financial Assets	\$ 4,976,322
Donor Imposed Restrictions:	
Restricted Funds	(501,728)
Endowments	<u>(429,471)</u>
Net Financial Assets after Donor-Imposed Restrictions	<u>4,045,123</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 4,045,123</u>

Our endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of the financial instruments shown in the following table as of August 31, 2019 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

Investments

Overall Investment Objective

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

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.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy

The following tables present the placement in the fair value hierarchy of assets that are measured at fair value at August 31, 2019:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Investments:				
Mutual Funds	\$ 1,886,580	\$ -	\$ -	\$ 1,886,580
Exchange-Traded Funds	25,270	-	-	25,270
Certificates of Deposit	-	483,707	-	483,707
Debt Securities	-	1,788,606	-	1,788,606
Cash	-	-	-	128,167
Split-Interest Agreement	-	-	17,074	17,074
Beneficial Interest in Assets Held by National	-	-	154,037	154,037
Total Assets	<u>\$ 1,911,850</u>	<u>\$ 2,272,313</u>	<u>\$ 171,111</u>	<u>\$ 4,483,441</u>

For the valuation of certificates of deposit at August 31, 2019, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

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, 2019:

Balance - Beginning of Year	\$ -
Contributions	167,074
Change in Value of Beneficial Interest Held by National	4,037
Balance - End of Year	<u>\$ 171,111</u>

**MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019**

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from 3.00% to 4.83% at August 31, 2019. The following is a summary of the Foundation's contributions receivable at August 31, 2019:

Total Amounts Due in:	
Within One Year	\$ 299,648
One to Five Years	111,666
Gross Contributions Receivable	<u>411,314</u>
Less: Discount to Present Value	<u>(10,199)</u>
Contributions Receivable, Net	<u><u>\$ 401,115</u></u>

NOTE 6 SPLIT-INTEREST AGREEMENTS

Charitable Gift Annuity

A donor has 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 term of the agreement, 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. Accordingly, revenue with donor restriction and related assets were recognized at fair value during the year ended August 31, 2019, when the Foundation received notice that the agreement conveyed unconditional rights to receive benefits. Subsequent changes in the value of the underlying assets are recorded in the accompanying statement of activities as a change in the value of the split-interest agreement.

The Foundation's beneficial interest under the split-interest agreement totaled \$17,074 at August 31, 2019.

Beneficial Interest in Assets Held by National

The Foundation had received a gift for an endowment which was transferred by the Foundation to the Wishes Forever Endowment Fund at the National Organization. The original corpus is 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 Organizations' Endowment Spending Policy. The Foundation's beneficial interest in this endowment being held by the National Organization is \$154,037 as of August 31, 2019.

**MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019**

NOTE 7 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, 2019, the Foundation received \$769,855 from these national revenue streams.

Conversely, the chapter 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 \$449,696 were paid from the Foundation to the National Organization during the year ended August 31, 2019.

As part of the National Organization’s Wish Fulfillment Fund, chapters may apply or contribute funds to other chapters to underwrite the cost of wishes. Under this program the Foundation contributed \$120,000 during the year ended August 31, 2019.

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 Foundation received \$1,200 for the year ended August 31, 2019 which is recorded in the accompanying statement of activities as other income.

Amounts due from and to related entities are as follows:

Due from National Organization	\$ 36,860
Total Due from Related Entities	<u>\$ 36,860</u>
Due to National Organization	\$ 3,729
Due to Other Chapters	11,974
Total Due to Related Entities	<u>\$ 15,703</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 2019, the Foundation received contributions, both cash and in-kind, from board members totaling \$225,718. In 2019, amounts due from board members totaling \$91,022, and are included in contributions receivable in the accompanying statement of financial position.

**MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019**

NOTE 8 PROPERTY AND EQUIPMENT, NET

Property and equipment as of August 31, 2019 consists of the following:

Computer Equipment and Software	\$ 88,839
Buildings and Building Improvements	2,402,032
Office Furniture and Other Equipment	78,184
	<u>2,569,055</u>
Less Accumulated Depreciation and Amortization	(149,156)
Property and Equipment, Net	<u><u>\$ 2,419,899</u></u>

Depreciation and amortization expense totaled \$18,590 for the year ended August 31, 2019.

NOTE 9 LEASES

The Foundation is obligated under various capital and operating leases for office space and equipment, which expire at various dates through November 20, 2020. As of August 31, 2019, the cost of leased property and equipment under capital leases was \$21,439 and accumulated depreciation was \$16,198. Total rent expense for all operating leases for the year ended August 31, 2019 totaled \$96,792.

Future minimum lease payments under the lease is as follows:

<u>Year Ending August 31,</u>	<u>Operating Leases</u>	<u>Capital Leases</u>
2020	\$ 32,825	\$ 5,216
2021	-	1,215
Total Minimum Lease Payments	<u>32,825</u>	<u>6,431</u>
Less Amounts Representing Interest	-	(326)
Present Value of Net Minimum Lease Payments	<u><u>\$ 32,825</u></u>	<u><u>\$ 6,105</u></u>

**MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019**

NOTE 10 NET ASSETS

Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods as of August 31, 2019:

Subject to Expenditure for Specified Purpose:	
Wish Granting	\$ 165,315
Total	<u>165,315</u>
Subject to Passage of Time:	
Split-Interest Agreements	17,074
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	<u>165,302</u>
Total	<u>182,376</u>
Endowments:	
Subject to Endowment Spending Policy and Appropriation:	
Earnings on Endowment Funds	137,477
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:	
Wilson Endowment Fund	150,000
Ortense Endowment Fund	<u>141,994</u>
Total	<u>429,471</u>
Not Subject to Spending Policy or Appropriation:	
Beneficial Interest in Assets Held by National	<u>154,037</u>
Total	<u>154,037</u>
Total Donor Restricted Net Assets	<u><u>\$ 931,199</u></u>

NOTE 11 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 two donor-restricted funds. 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 CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

NOTE 11 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Connecticut 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 donor restricted net assets: (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulated earnings on the donor-restricted endowment funds. The accumulated earnings on the endowment funds remain treated as donor 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:

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, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 429,471	\$ 429,471
Total Funds	<u>\$ -</u>	<u>\$ 429,471</u>	<u>\$ 429,471</u>

Changes in endowment funds for the year ended August 31, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	\$ -	\$ 410,783	\$ 410,783
Investment Return:			
Investment Income	-	22,277	22,277
Net Appreciation (Realized and Unrealized)	-	(3,589)	(3,589)
Total Investment Return	<u>-</u>	<u>18,688</u>	<u>18,688</u>
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 429,471</u>	<u>\$ 429,471</u>

**MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019**

NOTE 11 ENDOWMENTS (CONTINUED)

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. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of August 31, 2019.

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 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(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

NOTE 12 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain 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, 2019 were \$33,394.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

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 \$660,883 were received from a single donor for the year ended August 31, 2019, which represents 14% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 14 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal year ended August 31, 2019, the Foundation granted 222 wishes. As of the end of the year, there were approximately 250 wish children who are eligible for a wish. The average cost of a wish for the fiscal year was \$6,695 in cash and \$6,537 in in-kind for a total cost of \$13,232.

NOTE 15 SUBSEQUENT EVENTS

Subsequent to year-end, the Foundation entered into a note payable for \$3.5 million.

The Foundation has evaluated subsequent events from the statement of financial position date through January 8, 2020, the date at which the financial statements were available to be issued.

