

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

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**MAKE-A-WISH FOUNDATION® OF IOWA  
TABLE OF CONTENTS  
YEAR ENDED AUGUST 31, 2018**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>4</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>5</b>
<b>STATEMENT OF FUNCTIONAL EXPENSES</b>	<b>6</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>7</b>



CliftonLarsonAllen

CliftonLarsonAllen LLP  
CLAconnect.com

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of Iowa  
Des Moines, Iowa

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

***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 Iowa as of August 31, 2018, and change in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

West Des Moines, Iowa  
January 3, 2019

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

	2018
<b>ASSETS</b>	
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 235,779
Short-Term Investments	31,754
Due from Related Entities	16,156
Prepaid Expenses	20,464
Contributions Receivable, Net	576,096
Inventory	9,031
Split-Interest Agreements	8,904
Investments Held for Long-Term Purposes	2,296,965
Property and Equipment, Net	193,828
Total Assets	\$ 3,388,977
<b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>	
Accounts Payable and Accrued Expenses	\$ 218,932
Accrued Pending Wish Costs - Cash	1,204,242
Accrued Pending Wish Costs - In-Kind	933,862
Due to Related Entities	24,417
Total Liabilities	2,381,453
<b>NET ASSETS</b>	
Unrestricted	310,431
Temporarily Restricted	697,093
Total Net Assets	1,007,524
Total Liabilities and Net Assets	\$ 3,388,977

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions	\$ 2,286,267	\$ 337,262	\$ 2,623,529
Grants	10,000	10,000	20,000
Total Public Support	2,296,267	347,262	2,643,529
Internal Special Events	1,742,498	207,005	1,949,503
Less: Costs of Direct Benefits to Donors	(563,358)	-	(563,358)
Total Internal Special Events	1,179,140	207,005	1,386,145
Investment Income, Net	105,429	-	105,429
Other Income	10,467	-	10,467
Net Assets Released from Restrictions	562,809	(562,809)	-
Total Revenues, Gains, and Other Support	4,154,112	(8,542)	4,145,570
<b>EXPENSES</b>			
Program Services:			
Wish Granting	3,120,252	-	3,120,252
Total Program Services	3,120,252	-	3,120,252
Support Services:			
Fundraising	864,347	-	864,347
Management and General	287,293	-	287,293
Total Support Services	1,151,640	-	1,151,640
Total Program and Support Services Expenses	4,271,892	-	4,271,892
<b>CHANGE IN VALUE OF SPLIT-INTEREST AGREEMENTS</b>	-	(527)	(527)
Total Expenses and Losses (Gains)	4,271,892	(527)	4,271,365
<b>CHANGE IN NET ASSETS</b>	(117,780)	(8,015)	(125,795)
Net Assets - Beginning of Year	428,211	705,108	1,133,319
<b>NET ASSETS - END OF YEAR</b>	\$ 310,431	\$ 697,093	\$ 1,007,524

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF IOWA  
STATEMENT OF CASH FLOWS  
YEAR ENDED AUGUST 31, 2018**

	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ (125,795)
Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	40,605
Net Realized and Unrealized Gain on Investments	(32,271)
Loss on Sale of Property and Equipment	15,995
Contributed Property and Equipment and Inventory	(2,557)
Change in Value of Split-Interest Agreements	(527)
Change in Assets and Liabilities:	
Contributions Receivable	(112,208)
Due from Related Entities	31,075
Prepaid Expenses	(13,726)
Inventory	2,659
Accounts Payable and Accrued Expenses	(25,099)
Accrued Pending Wish Costs	187,489
Due to Related Entities	(3,751)
Net Cash Used by Operating Activities	(38,111)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of Investments	(318,323)
Proceeds from Sales of Investments	410,368
Purchase of Property and Equipment	(16,058)
Proceeds from Sale of Property and Equipment	1,000
Net Cash Provided by Investing Activities	76,987
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	38,876
 Cash and Cash Equivalents - Beginning of Year	196,903
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 235,779
 <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>	
Contributed Property and Equipment and Inventory	\$ 2,557

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF IOWA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2018**

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 2,415,217	\$ -	\$ -	\$ -	\$ 2,415,217
Change in Pending Wish Liability	187,489	-	-	-	187,489
Salaries, Taxes, and Benefits	308,286	515,864	215,861	731,725	1,040,011
Printing, Subscriptions, and Publications	2,019	75,191	763	75,954	77,973
Professional Fees	13,177	41,969	11,438	53,407	66,584
Rent and Utilities	33,078	39,993	19,163	59,156	92,234
Postage and Delivery	5,174	9,240	669	9,909	15,083
Travel	5,924	19,590	825	20,415	26,339
Meetings and Conferences	3,333	50,122	986	51,108	54,441
Office Supplies	4,705	4,170	1,472	5,642	10,347
Communications	4,698	8,150	2,319	10,469	15,167
Repairs and Maintenance	987	4,349	568	4,917	5,904
Insurance	1,348	1,621	796	2,417	3,765
Membership Dues	964	1,283	545	1,828	2,792
National Partnership Dues	98,092	13,658	12,417	26,075	124,167
Miscellaneous	22,241	59,702	11,831	71,533	93,774
Depreciation and Amortization	13,520	19,445	7,640	27,085	40,605
Special Event Expenses	-	563,358	-	563,358	563,358
	<u>3,120,252</u>	<u>1,427,705</u>	<u>287,293</u>	<u>1,714,998</u>	<u>4,835,250</u>
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(563,358)	-	(563,358)	(563,358)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,120,252</u>	<u>\$ 864,347</u>	<u>\$ 287,293</u>	<u>\$ 1,151,640</u>	<u>\$ 4,271,892</u>

See accompanying Notes to Financial Statements.



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

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of Iowa (the Foundation) is an Iowa 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 (GAAP) applicable to nonprofit entities.

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents at August 31, 2018 are \$88,482 of money market mutual funds.

**Investments**

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

**Contributions Receivable**

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

**Property and Equipment, Net**

Property and equipment having a unit cost 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 three to five years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease(s). 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 IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**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.

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

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

**Net Assets (Continued)**

- **Temporarily restricted net assets** – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.
- **Unrestricted net assets** – Net assets that are not subject to donor-imposed restrictions or law.

**Revenue Recognition**

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

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

	August 31, 2018			
	Programs	Fundraising	Management and General	Total
Wish Related	\$ 1,174,473	\$ -	\$ -	\$ 1,174,473
Professional Services	7,266	-	3,175	10,441
Other	849	54,819	750	56,418
	<u>\$ 1,182,588</u>	<u>\$ 54,819</u>	<u>\$ 3,925</u>	1,241,332
Special Events				181,793
Inventory (Asset)				2,557
Total				<u>\$ 1,425,682</u>

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

**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.

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

Donated advertising and media is reported as contribution revenue and fundraising expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

**Designated Funds Held by Community Foundation**

A designated fund for the benefit of the Foundation has been established at the Community Foundation of Greater Des Moines (CFGDM). Donors select a specific nonprofit institution, which may include the Foundation as the recipient, as long as the named institution remains in existence and continues to fulfill its intended purpose. Those funds are not recognized as an asset by the Foundation, as donors have granted variance power to CFGDM in a nonreciprocal transfer. Distributions received from CFGDM from this fund are recognized as revenue by the Foundation upon receipt. For the year ended August 31, 2018, no distributions were received from this fund.

**Income Taxes**

The Foundation is a nonprofit organization exempt from federal income and Iowa taxes under the provisions of Internal Revenue Code Section 501 (c)(3) and Section 504(a) of the Iowa 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, 2018. The Foundation files income tax returns in the U.S. federal jurisdiction, and applicable state jurisdictions.

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

**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. During the fiscal year ended August 31, 2018, the Foundation incurred no significant joint costs for activities that included fund raising appeals.

Management and General

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

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

**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. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, valuation of investments and contributions receivable, accrued pending wish costs and whether an allowance for uncollectible contributions receivable is required.

**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.

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

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

**Fair Value of Financial Instruments (Continued)**

The fair values of the financial instruments shown in the following tables as of August 31, 2018 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

**Investments**

**Overall Investment Objective**

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

**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 asset 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 IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

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

**Fair Value Hierarchy**

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

	Fair Value Measurements at August 31, 2018 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
International Equity	\$ 280,261	\$ -	\$ -	\$ 280,261
Global	117,402	-	-	117,402
Real Estate	76,385	-	-	76,385
Bonds	811,055	-	-	811,055
Exchange-Traded Funds:				
Domestic Equity	631,171	-	-	631,171
International Equity	153,968	-	-	153,968
Commodities	67,243	-	-	67,243
Bonds	191,234	-	-	191,234
Total Recurring	<u>2,328,719</u>	<u>-</u>	<u>-</u>	<u>2,328,719</u>
Nonrecurring:				
Split-Interest Agreements	-	-	8,904	8,904
Total	<u>\$ 2,328,719</u>	<u>\$ -</u>	<u>\$ 8,904</u>	<u>\$ 2,337,623</u>

The Foundation has no Level 2 assets at August 31, 2018.

For the valuation of Level 3 investments at August 31, 2018, the Foundation used significant unobservable inputs as follows:

Quantitative Information About Level 3 Fair Value Measurements				
Type of Investments	Fair Value at August 31, 2018	Valuation Technique	Unobservable Input	Range (Weighted Average)
Split-Interest Agreements	\$ 8,904	Present value of the estimated future payments to be received	Estimation of value	Not meaningful

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

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

**Fair Value Hierarchy (Continued)**

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

Beginning Balance	\$ 8,377
Total Gains (Realized/Unrealized) Included in Changes in Net Assets	527
Ending Balance	<u>\$ 8,904</u>
Change in Unrealized Gains for the Period Included in the Change in Net Assets Relating to Investments Still Held at End of Reporting Period	<u>\$ 527</u>

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

Interest and Dividend Income	\$ 89,147
Realized and Unrealized Gain, Net	32,271
Less: Investment Expenses	(15,989)
Investment Income, Net	<u>\$ 105,429</u>

**NOTE 4 CONTRIBUTIONS RECEIVABLE**

Contributions receivable include unconditional promises to give due within the next 12 months and a contribution of in-kind rent under the office space lease agreement that has been discounted at a rate of 4% for a total receivable of \$122,924. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2018. The following is a summary of the Foundation's contributions receivable at August 31:

	<u>2018</u>
Total Amounts Due in:	
One Year	\$ 470,776
Two to Five Years	71,550
More than Five Years	<u>63,600</u>
Gross Contributions Receivable	605,926
Less: Discount to Present Value	(29,830)
Contributions Receivable, Net	<u>\$ 576,096</u>



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

**NOTE 5 SPLIT-INTEREST AGREEMENTS**

**Charitable Gift Annuities**

The Foundation is a named income beneficiary on various perpetual trusts, the corpus of which is not controlled by the management of the Foundation. Under these arrangements, the Foundation has the irrevocable right to receive all or a portion of the income earned on the underlying assets. Accordingly, temporarily restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation receives notice that the trust agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets have been recorded in the accompanying statement of activities as a component of temporarily restricted realized gains and losses on investments.

The Foundation's beneficial interest in the trust is \$8,904 as of August 31, 2018. The Foundation used significant unobservable inputs including asset valuation statements from the asset trustees and the terms of the underlying agreements, which includes a calculation of the present value of the estimated future payments to be received (Level 3).

**NOTE 6 TRANSACTIONS WITH RELATED PARTIES**

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the year ended August 31, 2018, the Foundation received \$305,163 from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$124,167 were paid from the Foundation to the National Organization during the year ended August 31, 2018.

Chapters who assist with the organization and granting of wishes from other chapters are paid a "fee for service" called the wish assist fee. Under this program, the originating chapter agrees to pay a fee to the chapter of the wish destination to assist with any planning, booking and facilitating of the wish for the home chapter. Under this program, the Foundation received \$-0- for the year ended August 31, 2018.

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

**NOTE 6 TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

Amounts due from and to related entities are as follows:

	2018
Balance at August 31:	
Due from National Organization	\$ 16,156
Due to National Organization	\$ 6,688
Due to Other Chapters	17,729
Total Due to Related Entities	\$ 24,417

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 to other chapters represent amounts owed to other chapters who have assisted in the granting of wishes for the Foundation. Amounts due to the National Organization generally represent unpaid chapter dues and services.

During 2018, the Foundation received contributions, both cash and in-kind, from board members totaling \$48,841.

**NOTE 7 PROPERTY AND EQUIPMENT, NET**

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

Computer Equipment and Software	\$ 67,260
Office Furniture	78,484
Other Equipment	34,238
Leasehold Improvements	120,792
Total	300,774
Less: Accumulated Depreciation and Amortization	(106,946)
Property and Equipment, Net	\$ 193,828

Depreciation and amortization expense totaled \$40,605 for the year ended August 31, 2018.

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

**NOTE 8 ACCRUED PENDING WISH COSTS**

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

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

Estimated cash and in-kind costs are accrued as pending wish liability at year-end for all reportable approved pending wishes. The in-kind portion of the pending wish liability includes the estimated in-kind expenses that are expected to be incurred in fulfilling each wish even though the matching in-kind revenues are not recognized until the in-kind goods or services, or an unconditional promise for those in-kind goods or services, are received. Although not fully guaranteed, if the related expected in-kind revenue were recognized in the same fiscal period as the expected in-kind expense, total net assets at August 31, 2018 would increase by \$604,600 resulting in adjusted net assets of \$1,612,124.

In 2018, the Foundation made a change in calculation of accrued pending wish costs. The change simplified the methodology to more closely align the calculation with criteria five "The wish is expected to be granted in the next 12 months." The Foundation limited the number of wishes anticipated to be completed to the lesser of approved wishes or the historical average of wishes granted in the past three years. As a result, the organization may have experienced a change in liability beyond the change in approved wishes.

**NOTE 9 LINE OF CREDIT**

The Foundation has a line of credit with a financial institution totaling \$300,000, bearing interest at 5.0% (prime rate on August 31, 2018) and expires on January 31, 2019. There was \$0 outstanding on this line of credit as of August 31, 2018. The line of credit is subject to various nonfinancial covenants.

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

**NOTE 10 LEASES**

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through September 2027. Total rent expense for all operating leases for the year ended August 31, 2018 was \$49,335.

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

<u>Year Ending August 31:</u>	<u>Operating Leases</u>
2019	\$ 53,055
2020	53,055
2021	50,387
2022	47,109
2023	47,700
Thereafter	194,775
Total Minimum Lease Payments	<u>\$ 446,081</u>

**NOTE 11 TEMPORARILY RESTRICTED NET ASSETS**

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

Time Restrictions	\$ 472,089
Purpose Restrictions	225,004
Total Temporarily Restricted Net Assets	<u>\$ 697,093</u>

For the year ended August 31, 2018, there were no permanently restricted net assets.

**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 one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code (IRC) limitations. The Foundation matches employee contributions up to 3% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2018 were \$20,202.

**NOTE 13 CONCENTRATIONS OF CREDIT RISK**

In-kind contributions totaling \$582,922 were received from a single donor for the year ended August 31, 2018, which represents 22% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

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

**NOTE 14 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through January 3, 2019, the date at which the financial statements were available to be issued.



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