

**MAKE-A-WISH FOUNDATION®  
MIDDLE TENNESSEE**

**FINANCIAL STATEMENTS**

**YEAR ENDED AUGUST 31, 2018**

**MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-a-Wish Foundation® of Middle Tennessee  
Brentwood, Tennessee

We have audited the accompanying financial statements of Make-a-Wish Foundation® of Middle Tennessee, which comprise the statement of financial position as of August 31, 2018, and the related statements of activities, functional expenses, and cash flows, for the year 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 Middle Tennessee

***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 Middle Tennessee as of August 31, 2018, 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Oak Brook, Illinois  
February 26, 2019

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

**ASSETS**

Cash and Cash Equivalents	\$ 295,579
Due from Related Entities	36,146
Contributions Receivable, Net	182,553
Other Assets	10,011
Property and Equipment, Net	<u>22,527</u>
 Total Assets	 <u><u>\$ 546,816</u></u>

**LIABILITIES AND NET DEFICIT**

**LIABILITIES**

Accounts Payable and Accrued Expenses	\$ 163,420
Accrued Pending Wish Costs - Cash	726,606
Accrued Pending Wish Costs - In-Kind	551,154
Due to Related Entities	16,964
Deferred Rent	<u>1,071</u>
Total Liabilities	<u>1,459,215</u>

**NET ASSETS (DEFICIT)**

Unrestricted	(1,062,376)
Temporarily Restricted	<u>149,977</u>
Total Net Deficit	<u>(912,399)</u>
 Total Liabilities and Net Deficit	 <u><u>\$ 546,816</u></u>

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

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Net of Write-Offs	\$ 1,561,125	\$ 80,307	\$ 1,641,432
Grants	307,095	30,000	337,095
Total Public Support	1,868,220	110,307	1,978,527
Internal Special Events	593,322	39,670	632,992
Less Costs of Direct Benefits to Donors	(129,785)	-	(129,785)
Total Internal Special Events	463,537	39,670	503,207
Investment Income, Net	941	-	941
Other Income	3,375	-	3,375
Net Assets Released from Restrictions	167,863	(167,863)	-
Total Revenues, Gains, and Other Support	2,503,936	(17,886)	2,486,050
<b>EXPENSES</b>			
Program Services:			
Wish Granting	2,672,094	-	2,672,094
Support Services:			
Fundraising	212,465	-	212,465
Management and General	333,068	-	333,068
Total Support Services	545,533	-	545,533
Total Expenses	3,217,627	-	3,217,627
<b>CHANGE IN NET ASSETS</b>	(713,691)	(17,886)	(731,577)
Net Assets - Beginning of Year	(348,685)	167,863	(180,822)
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	<u>\$ (1,062,376)</u>	<u>\$ 149,977</u>	<u>\$ (912,399)</u>

See accompanying Notes to Financial Statements.

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

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Support Services	
Direct Costs of Wishes	\$ 1,718,303	\$ -	\$ -	\$ -	\$ 1,718,303
Change in Pending Wish Liability	607,082	-	-	-	607,082
Salaries, Taxes, and Benefits	232,811	145,540	251,861	397,401	630,212
Printing, Subscriptions, and Publications	5,966	7,695	2,616	10,311	16,277
Professional Fees	6,383	4,511	8,451	12,962	19,345
Rent and Utilities	22,385	14,960	12,469	27,429	49,814
Postage and Delivery	1,588	1,569	934	2,503	4,091
Travel	4,129	928	-	928	5,057
Meetings and Conferences	9,082	11,802	6,689	18,491	27,573
Office Supplies	3,872	3,001	1,974	4,975	8,847
Communications	6,030	3,279	2,965	6,244	12,274
Repairs and Maintenance	-	-	100	100	100
Insurance	735	491	410	901	1,636
Membership Dues	300	-	-	-	300
National Partnership Dues	42,823	6,945	7,138	14,083	56,906
Miscellaneous	10,605	11,744	28,186	39,930	50,535
Depreciation and Amortization	-	-	9,275	9,275	9,275
Special Event Expenses	-	129,785	-	129,785	129,785
Total	2,672,094	342,250	333,068	675,318	3,347,412
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(129,785)	-	(129,785)	(129,785)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 2,672,094	\$ 212,465	\$ 333,068	\$ 545,533	\$ 3,217,627

See accompanying Notes to Financial Statements.

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

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets (Deficit)	\$ (731,577)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	9,275
Bad Debts Expense	3,000
Decrease in Assets:	
Contributions Receivable	51,350
Due from Related Entities	7,131
Other Assets	3,932
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	74,647
Accrued Pending Wish Costs	607,082
Due to Related Entities	(3,886)
Deferred Rent	(481)
Net Cash Provided by Operating Activities	<u>20,473</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Property and Equipment	<u>(9,446)</u>
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**NET INCREASE IN CASH AND CASH EQUIVALENTS**

11,027

Cash and Cash Equivalents - Beginning of Year

284,552

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 295,579



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

**NOTE 1 ORGANIZATION**

Make-a-Wish Foundation® of Middle Tennessee (the Foundation) is a Tennessee 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 U.S. generally accepted accounting principles 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 \$221,803 of money market mutual funds.

**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. 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 MIDDLE TENNESSEE**  
**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.

**Net Assets (Deficit)**

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

Permanently Restricted – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for unrestricted purposes.

Temporarily Restricted – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.

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

**Revenue Recognition**

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

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

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

**Revenue Recognition (Continued)**

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

	Programs	Fundraising	Management and General	Total
Wish Related	\$ 747,555	\$ -	\$ -	\$ 747,555
Professional Services	-	-	4,500	4,500
Other	-	262	1,558	1,820
	<u>\$ 747,555</u>	<u>\$ 262</u>	<u>\$ 6,058</u>	753,875
Special Events				7,367
Inventory (Asset)				2,278
Total				<u>\$ 763,520</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.

**Income Taxes**

The Foundation is a nonprofit organization exempt from federal income and Tennessee income 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, 2018. The Foundation files income tax returns in the U.S. federal jurisdiction and applicable state jurisdictions.

**MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE**  
**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.

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. The unamortized deferred rent was \$1,071 at August 31, 2018.

**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.

**NOTE 3 CONTRIBUTIONS RECEIVABLE**

All contributions receivable are due within the next twelve months. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2018.

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

**NOTE 4    TRANSACTIONS WITH RELATED ENTITIES**

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the year ended August 31, 2018, the Foundation received \$359,602 from these national revenue streams.

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

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$56,906 were paid from the Foundation to the National Organization during the year ended August 31, 2018 for partnership dues. An additional \$14,971 was paid from the Foundation to the National Organization during the year ended August 31, 2018 for miscellaneous ancillary expenses.

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 \$3,375 for the year ended August 31, 2018, which is recorded in the accompanying statement of activities as Other Income.

Amounts due from and to related entities are as follows:

Balance at August 31, 2018:	
Due from National Organization	\$ 32,710
Due from Other Chapters	3,436
Total Due from Related Entities	<u>\$ 36,146</u>
Due to National Organization	\$ 4,714
Due to Other Chapters	12,250
Total Due to Related Entities	<u>\$ 16,964</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.

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

**NOTE 4 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)**

During 2018 the Foundation received contributions, both cash and in-kind, from board members totaling \$240,548. Additionally, the Foundation leases its office space from a former board member who owns the building. See Note 7.

**NOTE 5 PROPERTY AND EQUIPMENT, NET**

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

Computer Equipment and Software	\$ 43,198
Office Furniture	29,968
Other Equipment	4,175
Total	<u>77,341</u>
Less Accumulated Depreciation and Amortization	<u>(54,814)</u>
Property and Equipment, Net	<u>\$ 22,527</u>

Depreciation and amortization expense totaled \$9,275 for the year ended August 31, 2018.

**NOTE 6 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 deficit at August 31, 2018 would be reduced by \$470,847 resulting in an adjusted net deficit of (\$441,552).



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

**NOTE 6 ACCRUED PENDING WISH COSTS (CONTINUED)**

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. As of August 31, 2018, the Foundation had 113 reportable pending wishes.

**NOTE 7 LEASES**

The Foundation is obligated under an operating lease for office space, which expires in 2019. Total rent expense for all operating leases for the year ended August 31, 2018 totaled \$49,814. Future minimum lease payments under this agreement are \$34,280 for the year ended August 31, 2019.

**NOTE 8 TEMPORARILY RESTRICTED NET ASSETS**

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

Time Restrictions	\$ 32,500
Purpose Restrictions	117,477
Total Temporarily Restricted Net Assets	<u>\$ 149,977</u>

**NOTE 9 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 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 \$14,165.

**NOTE 10 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.

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

**NOTE 10 CONCENTRATIONS OF CREDIT RISK (CONTINUED)**

In-kind contributions totaling \$473,129 were received from a single donor for the year ended August 31, 2018, which represents 24% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

**NOTE 11 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through February 26, 2019, the date at which the financial statements were available to be issued.

**NOTE 12 LIQUIDITY IN OPERATIONS**

The Foundation has negative unrestricted net assets of \$1,062,376 as of August 31, 2018, a decrease of \$713,691 from August 31, 2017. Total net assets are \$(912,399) as of August 31, 2018, a decrease of \$731,577 from August 31, 2017.

The largest liability on the Foundation's statement of financial position is the accrued pending wish liability of \$1,277,760 (both cash and in-kind). From a legal perspective, the Foundation has no obligation to record the accrued pending wishes in its financial statements because there is no contract between the Foundation and wish families. However, the Foundation has taken the position that, once a wish family has been contacted, a relationship has been created and the impact of that relationship should be reflected in its financial statements when it becomes measurable.

The Foundation records the estimated cost of a wish after: (a) a wish referral has been received; (b) proof of medical eligibility has been obtained; (c) the child's wish has been ascertained and determined to fall within the Foundation's wish-granting policies; and (d) it is probable the wish will be granted during the next 12 months.

Recording this noncontractual liability can cause the Foundation to have higher liabilities and lower net assets (sometimes negative net assets) than other nonprofit organizations. In addition, recording the liability may impact the Foundation's program percentage from year to year.



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

**NOTE 12 LIQUIDITY IN OPERATIONS (CONTINUED)**

Although the Foundation's largest expenditures generally relate to wish granting, the Foundation has the ability to manage wish expenses to some extent to ensure it has adequate resources to cover its expenses. For example:

- 1) The timing of wishes can often be controlled so the Foundation can achieve cost savings (such as not booking travel wishes during peak travel dates).
- 2) The Foundation can apply for grants from the national Wish Fulfillment Fund to help support pending wishes and reduce its wish pipeline.
- 3) The Foundation can source additional in-kind resources and/or vendor discounts to assist with cash flow, while maintaining the same high quality of the wish experience.

In addition, the National Organization monitors the operational performance (including liquidity) of all of its chapters on a regular basis and is committed to working with chapters to ensure that all eligible children's wishes are granted.