

**MAKE-A-WISH FOUNDATION® OF
SOUTH CAROLINA, INC.**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2017 AND 2016

**MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
TABLE OF CONTENTS
YEARS ENDED AUGUST 31, 2017 AND 2016**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF CASH FLOWS	6
STATEMENTS OF FUNCTIONAL EXPENSES	7
NOTES TO FINANCIAL STATEMENTS	9



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of South Carolina, Inc.
Greenville, South Carolina

We have audited the accompanying financial statements of Make-A-Wish Foundation® of South Carolina, Inc., which comprise the statements of financial position as of August 31, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Make-A-Wish Foundation® of South Carolina, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of South Carolina, Inc. as of August 31, 2017 and 2016, and change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
November 29, 2017

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2017 AND 2016

	2017	2016
ASSETS		
Cash and Cash Equivalents	\$ 1,013,453	\$ 936,951
Due from Related Entities	47,216	33,126
Prepaid Expenses	24,176	20,317
Contributions Receivable, Net	284,896	103,068
Other Assets	6,601	500
Property and Equipment, Net	179,515	201,092
Total Assets	\$ 1,555,857	\$ 1,295,054
LIABILITIES AND NET ASSETS (DEFICIT)		
Accounts Payable and Accrued Expenses	\$ 162,154	\$ 116,634
Accrued Pending Wish Costs - Cash	1,319,025	1,113,597
Accrued Pending Wish Costs - In-Kinds	1,080,450	712,680
Due to Related Entities	24,161	5,478
Deferred Rent	2,203	-
Capital Lease Obligation	7,674	10,102
Total Liabilities	2,595,667	1,958,491
Net Assets (Deficit)		
Unrestricted	(1,329,059)	(785,833)
Temporarily Restricted	289,249	122,396
Total Net Assets (Deficit)	(1,039,810)	(663,437)
Total Liabilities and Net Assets (Deficit)	\$ 1,555,857	\$ 1,295,054

See accompanying Notes to Financial Statements.

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
REVENUES, GAINS, AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 2,301,513	\$ 286,598	\$ 2,588,111	\$ 2,349,543
Grants	331,997	2,650	334,647	472,720
Total Public Support	<u>2,633,510</u>	<u>289,248</u>	<u>2,922,758</u>	<u>2,822,263</u>
Internal Special Events	982,783	-	982,783	633,446
Less Costs of Direct Benefits to Donors	<u>(158,632)</u>	<u>-</u>	<u>(158,632)</u>	<u>(103,703)</u>
Total Special Events	824,151	-	824,151	529,743
Other Income	3,385	-	3,385	5,759
Net Assets Released from Restrictions	<u>122,395</u>	<u>(122,395)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>3,583,441</u>	<u>166,853</u>	<u>3,750,294</u>	<u>3,357,765</u>
EXPENSES				
Program Services:				
Wish Granting	<u>3,202,715</u>	<u>-</u>	<u>3,202,715</u>	<u>2,727,313</u>
Total Program Services	<u>3,202,715</u>	<u>-</u>	<u>3,202,715</u>	<u>2,727,313</u>
Support Services:				
Fundraising	797,725	-	797,725	662,740
Management and General	<u>125,745</u>	<u>-</u>	<u>125,745</u>	<u>62,810</u>
Total Support Services	<u>923,470</u>	<u>-</u>	<u>923,470</u>	<u>725,550</u>
Total Program and Support Services Expense	4,126,185	-	4,126,185	3,452,863
OTHER EXPENSE				
Loss on Sale of Property and Equipment	482	-	482	-
Total Expenses and Losses	<u>4,126,667</u>	<u>-</u>	<u>4,126,667</u>	<u>3,452,863</u>
Change in Net Assets	(543,226)	166,853	(376,373)	(95,098)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>(785,833)</u>	<u>122,396</u>	<u>(663,437)</u>	<u>(568,339)</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ (1,329,059)</u>	<u>\$ 289,249</u>	<u>\$ (1,039,810)</u>	<u>\$ (663,437)</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 2,246,475	\$ 103,068	\$ 2,349,543
Grants	467,530	5,190	472,720
Total Public Support	2,714,005	108,258	2,822,263
Internal Special Events	633,446	-	633,446
Less Costs of Direct Benefits to Donors	(103,703)	-	(103,703)
Total Special Events	529,743	-	529,743
Other Income	5,759	-	5,759
Net Assets Released from Restrictions	231,851	(231,851)	-
Total Revenues, Gains, and Other Support	3,481,358	(123,593)	3,357,765
EXPENSES			
Program Services:			
Wish Granting	2,727,313	-	2,727,313
Total Program Services	2,727,313	-	2,727,313
Support Services:			
Fundraising	662,740	-	662,740
Management and General	62,810	-	62,810
Total Support Services	725,550	-	725,550
Total Program and Support Services Expense	3,452,863	-	3,452,863
Change in Net Assets	28,495	(123,593)	(95,098)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	(814,328)	245,989	(568,339)
NET ASSETS (DEFICIT), END OF YEAR	\$ (785,833)	\$ 122,396	\$ (663,437)

See accompanying Notes to Financial Statements.

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

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (376,373)	\$ (95,098)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation and Amortization	27,560	12,294
Loss on Sale of Property and Equipment	482	-
Contributed Property and Equipment and Inventory	(8,646)	(98,260)
Change in Attrition on Accrued Pending Wish Costs	68,346	17,308
Changes in Assets and Liabilities:		
Contributions Receivable	(181,828)	(28,702)
Due from Related Entities	(14,090)	92,904
Prepaid Expenses	(3,859)	3,271
Other Assets	2,545	(450)
Accounts Payable and Accrued Expenses	45,520	(15,553)
Accrued Pending Wish Costs	504,852	355,709
Due to Related Entities	18,683	977
Deferred Rent	2,203	-
Net Cash Provided by Operating Activities	85,395	244,400
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(6,465)	(6,105)
Net Cash Used in Investing Activities	(6,465)	(6,105)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(2,428)	(751)
Net Cash Used in Financing Activities	(2,428)	(751)
Net Increase in Cash and Cash Equivalents	76,502	237,544
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	936,951	699,407
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,013,453	\$ 936,951
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 1,004	\$ 393
Donated Property and Equipment	-	98,260
Acquisition of Equipment with Capital Lease	-	10,853
Donated Inventory	8,646	-

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2017

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 2,597,355	\$ -	\$ -	\$ -	\$ 2,597,355
Salaries, Taxes, and Benefits	416,572	483,501	67,986	551,487	968,059
Printing, Subscriptions, and Publications	3,396	41,422	671	42,093	45,489
Professional Fees	25,556	37,125	10,104	47,229	72,785
Rent and Utilities	25,158	29,244	4,089	33,333	58,491
Postage and Delivery	5,180	7,304	387	7,691	12,871
Travel	2,070	13,314	254	13,568	15,638
Meetings and Conferences	13,013	101,265	2,005	103,270	116,283
Office Supplies	9,160	7,438	798	8,236	17,396
Communications	7,936	9,914	478	10,392	18,328
Advertising and Media (In-Kind)	-	11,466	-	11,466	11,466
Repairs and Maintenance	1,397	1,624	227	1,851	3,248
National Partnership Dues	73,783	9,340	10,274	19,614	93,397
Miscellaneous	10,288	30,988	26,543	57,531	67,819
Depreciation and Amortization	11,851	13,780	1,929	15,709	27,560
Special Event Expenses	-	158,632	-	158,632	158,632
	<u>3,202,715</u>	<u>956,357</u>	<u>125,745</u>	<u>1,082,102</u>	<u>4,284,817</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(158,632)	-	(158,632)	(158,632)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,202,715</u>	<u>\$ 797,725</u>	<u>\$ 125,745</u>	<u>\$ 923,470</u>	<u>\$ 4,126,185</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2016

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 2,169,348	\$ -	\$ -	\$ -	\$ 2,169,348
Salaries, Taxes, and Benefits	402,320	419,440	34,240	453,680	856,000
Printing, Subscriptions, and Publications	8,547	39,296	462	39,758	48,305
Professional Fees	24,667	24,792	3,853	28,645	53,312
Rent and Utilities	13,895	14,487	1,182	15,669	29,564
Postage and Delivery	4,409	8,266	190	8,456	12,865
Travel	2,762	6,284	94	6,378	9,140
Meetings and Conferences	21,209	77,579	3,956	81,535	102,744
Office Supplies	9,006	5,587	688	6,275	15,281
Communications	9,121	10,359	274	10,633	19,754
Advertising and Media (In-Kind)	-	852	-	852	852
Repairs and Maintenance	1,033	1,077	88	1,165	2,198
National Partnership Dues	48,082	21,065	5,581	26,646	74,728
Miscellaneous	7,136	27,632	11,710	39,342	46,478
Depreciation and Amortization	5,778	6,024	492	6,516	12,294
Special Event Expenses	-	103,703	-	103,703	103,703
	<u>2,727,313</u>	<u>766,443</u>	<u>62,810</u>	<u>829,253</u>	<u>3,556,566</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(103,703)	-	(103,703)	(103,703)
	<u>-</u>	<u>(103,703)</u>	<u>-</u>	<u>(103,703)</u>	<u>(103,703)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,727,313</u>	<u>\$ 662,740</u>	<u>\$ 62,810</u>	<u>\$ 725,550</u>	<u>\$ 3,452,863</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of South Carolina, Inc. (the Foundation) is a South Carolina not-for-profit corporation, organized for the purpose of granting wishes to children with life-threatening medical conditions. The Foundation is an independently operating chapter of Make-A-Wish Foundation of America (National Organization), which operates to develop and implement national programs in public relations and fundraising for the benefit of all local chapters. In addition, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) applicable to not-for-profit entities.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents at August 31, 2017 and 2016 is \$70,203 and \$70,133, respectively, 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 greater than \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 5 years. Leasehold improvements are amortized over the shorter of the estimated useful lives of the assets or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances indicate a long-lived asset may be impaired, the asset value will be reduced to fair value. Fair value is determined through various valuation techniques including quoted market values and third-party independent appraisals, as considered necessary.

Fair Value Measurements

Fair value measurements of financial assets and financial liabilities and fair value measurements of nonfinancial items are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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. The Foundation does not have any permanently restricted net assets at August 31, 2017 and 2016.
- **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.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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 reported in the statements of activities as follows at:

	August 31, 2017			
	Programs	Fundraising	Management and General	Total
Wish Related	\$ 920,030	\$ -	\$ -	\$ 920,030
Professional Services	501	4,050	2,500	7,051
Advertising and Media	-	11,466	-	11,466
Other	6,076	18,375	1,578	26,029
	\$ 926,607	\$ 33,891	\$ 4,078	964,576
Special Events				23,482
Inventory (Asset)				8,646
Total				\$ 996,704
	August 31, 2016			
	Programs	Fundraising	Management and General	Total
Wish Related	\$ 717,577	\$ -	\$ -	\$ 717,577
Professional Services	2,437	1,617	461	4,515
Advertising and Media	-	852	-	852
Other	9,065	9,352	666	19,083
	\$ 729,079	\$ 11,821	\$ 1,127	742,027
Special Events				3,265
Property and Equipment (Capitalized)				98,260
Total				\$ 843,552

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.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Advertising and media is used to help the Foundation communicate its message or mission and includes fund raising 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 or public information expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

Income Taxes

The Foundation is a not-for-profit organization exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 33-56-60 of the South Carolina Solicitation of Charitable Funds Act. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2017 and 2016. The Foundation files income tax returns in the U.S. federal jurisdiction, and applicable state jurisdictions.

Functional Expenses

The Foundation performs three functions: wish granting, fundraising, and management and general. Definitions of these functions are as follows:

Wish Granting

Activities performed by the Foundation in granting wishes to children with life-threatening medical conditions.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2017 and 2016, the Foundation incurred no significant joint costs for activities that include fundraising appeals.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

Management and General

All costs not identifiable with wish granting or fundraising, 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 \$2,203 and \$-0- at August 31, 2017 and 2016, respectively.

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, valuation of investments, in-kinds, and contributions receivable, accrued pending wish costs, net of attrition and whether an allowance for uncollectible contributions receivable is required.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 3 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2017 and 2016 was \$284,896 from two donors and \$103,068 from one donor, respectively. 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, 2017 and 2016.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

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 years ended August 31, 2017 and 2016, the Foundation received \$679,723 and \$516,067, respectively, 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 \$150,000 and \$250,000 during the years ended August 31, 2017 and 2016, respectively.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation of America pays on behalf of the Foundation and for services provided to the Foundation by the National Organization. Amounts totaling \$157,086 and \$118,480 were paid from the Foundation to the National Organization during the years ended August 31, 2017 and 2016, respectively.

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 \$3,250 and \$5,650 for the years ended August 31, 2017 and 2016, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	<u>2017</u>	<u>2016</u>
Balance at August 31:		
Due from National Organization	\$ 44,227	\$ 25,977
Due from Other Chapters	2,989	7,149
Total Due from Related Entities	<u>\$ 47,216</u>	<u>\$ 33,126</u>
Due to National Organization	\$ 343	\$ -
Due to Other Chapters	23,818	5,478
Total Due to Related Entities	<u>\$ 24,161</u>	<u>\$ 5,478</u>

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 4 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Amounts due from the National Organization represent contributions remitted to the National Organization that are identified for the Foundation's use but were not yet transferred to the Foundation as of year-end. Amounts due from other chapters represent amounts paid in assisting other chapters with their wish granting. Amounts due to other chapters represent amounts owed to other chapters who have assisted in the granting of wishes for the Foundation. Amounts due to the National Organization generally represent unpaid chapter dues and services.

During 2017 and 2016, the Foundation received contributions, both cash and in-kind, from board members totaling \$112,836 and \$86,409, respectively. In addition, during 2017 and 2016, the Foundation received cash contributions totaling approximately \$36,500 and \$26,000, respectively, from a company that is affiliated with a board member.

NOTE 5 PROPERTY AND EQUIPMENT, NET

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

	2017	2016
Land	\$ 75,000	\$ 75,000
Leasehold Improvements	98,260	98,260
Computer Equipment and Software	41,308	70,078
Office Furniture	29,420	30,540
	243,988	273,878
Less Accumulated Depreciation and Amortization	(64,473)	(72,786)
Property and Equipment, Net	\$ 179,515	\$ 201,092

Depreciation and amortization expense totaled \$27,560 and \$12,294 for the years ended August 31, 2017 and 2016, respectively.

NOTE 6 ACCRUED PENDING WISH COSTS

The Foundation accrues the 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:

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 6 ACCRUED PENDING WISH COSTS (CONTINUED)

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

Estimated cash and in-kind costs are accrued as pending wish liability at year-end for all reportable pending wishes. The in-kind portion of the pending wish liability includes the estimated in-kind expenses that are expected to be incurred in fulfilling each wish even though the matching in-kind revenues are not recognized until the in-kind goods or services, or an unconditional promise for those in-kind goods or services, are received. Although not fully guaranteed, if the related expected in-kind revenue were recognized in the same fiscal period as the expected in-kind expense, total net assets (deficit) at August 31, 2017 would increase by \$967,635 resulting in adjusted net assets (deficit) of (\$72,175).

The Foundation, as part of its estimate of accrued pending wish costs, also considers attrition on pending wish costs. An attrition rate is calculated by the Foundation by analyzing the trend of wishes that have been accrued for using the five criteria discussed above that have not been able to be completed within the past twelve months due to factors outside of the control of the chapter, such as the death of a child, the move of the family out of the chapter's territory, or loss of contact with the family. As of August 31, 2017 and 2016, the Foundation had 239 and 201 reportable pending wishes, respectively.

NOTE 7 LEASES

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through August 31, 2023. As of August 31, 2017 and 2016, the cost of leased property and equipment under capital leases was \$10,853 for both years, and accumulated depreciation was \$1,357 and \$271, respectively. Total rent expense for all operating leases for the years ended August 31, 2017 and 2016 totaled \$55,103 and \$26,468, respectively.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 7 LEASES (CONTINUED)

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>	<u>Capital Leases</u>
2018	\$ 52,901	\$ 3,432
2019	54,810	3,432
2020	54,810	2,002
2021	56,768	-
2022	56,768	-
Thereafter	56,768	-
Total Minimum Lease Payments	<u>332,825</u>	<u>8,866</u>
Less Amounts Representing Interest	-	(1,192)
Present Value of Net Minimum Lease Payments	<u>\$ 332,825</u>	<u>\$ 7,674</u>

NOTE 8 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Time Restrictions	\$ 148,781	\$ -
Purpose Restrictions	140,468	122,396
Total Temporarily Restricted Net Assets	<u>\$ 289,249</u>	<u>\$ 122,396</u>

NOTE 9 RETIREMENT PLAN

The Foundation offers a Simplified Employee Pension Plan (the Plan). Employees are eligible for participation in the Plan upon completion of two years of service. Under the provisions of the Plan, the Foundation will contribute 5% of each eligible employee's salary. Foundation contributions to the Plan for the years ended August 31, 2017 and 2016 were \$31,592 and \$16,446, respectively.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 10 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents. The Foundation places its cash and cash equivalents with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the Federal Deposit Insurance Corporation (FDIC) 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 \$368,347 and \$398,849 were received from a single donor for the years ended August 31, 2017 and 2016, respectively, which represents 13% and 14%, respectively, 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 statements of financial position date through November 29, 2017, the date at which the financial statements were available to be issued.