

WISHES & MORE®

Financial Statements

December 31, 2013



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Wishes & More[®]

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wishes & More[®]
Fridley, Minnesota

We have audited the accompanying financial statements of ***Wishes and More***[®], which comprise the statement of financial position as of December 31, 2013 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 control relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Wishes and More®** as of December 31, 2013 and the 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.

Other Matter

The prior year comparative information has been derived from **Wishes and More®**'s 2012 financial statements which were audited by other auditors. In their report dated July 15, 2013, they expressed an unmodified opinion on those financial statements.

July 21, 2014

Akins Henke and Company

Wishes & More®
Statements of Financial Position
December 31, 2013 and 2012

ASSETS	2013	2012
Current assets:		
Cash	\$ 400,237	330,693
Promises to give	10,025	15,327
Prepaid expenses	16,636	17,945
	<u>426,898</u>	<u>363,965</u>
Total current assets		
Certificates of deposit	<u>125,000</u>	<u>120,000</u>
Furniture and equipment:		
Furniture and equipment	4,127	4,127
Less accumulated depreciation	4,127	4,127
Net furniture and equipment	<u>-</u>	<u>-</u>
Other assets:		
Trademark costs	6,878	6,878
Website	12,950	12,950
Software	4,717	4,717
Total other assets	<u>24,545</u>	<u>24,545</u>
Less accumulated amortization	<u>21,586</u>	<u>18,716</u>
Net other assets	<u>2,959</u>	<u>5,829</u>
Total Assets	\$ <u>554,857</u>	<u>489,794</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 4,316	2,511
Wishes payable	13,185	5,610
Accrued payroll and related expenses	9,023	10,187
	<u>26,524</u>	<u>18,308</u>
Total current liabilities		
Net assets:		
Unrestricted:		
Undesignated	239,828	268,064
Board designated	219,426	145,707
Temporarily restricted	69,079	57,715
	<u>528,333</u>	<u>471,486</u>
Total net assets		
Total Liabilities and Net Assets	\$ <u>554,857</u>	<u>489,794</u>

See accompanying notes to financial statements.

Wishes & More®

Statements of Activities

For the Years Ended December 31, 2013 and 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES:						
Contributions	\$ 56,733	38,511	95,244	91,265	31,765	123,030
Memorials	9,195	-	9,195	11,275	-	11,275
Grants	98,000	-	98,000	72,635	-	72,635
In-kind contributions	77,460	-	77,460	96,431	-	96,431
Special fundraising events, net	298,251	-	298,251	271,963	-	271,963
Interest income	879	-	879	762	-	762
Total Revenues	<u>540,518</u>	<u>38,511</u>	<u>579,029</u>	<u>544,331</u>	<u>31,765</u>	<u>576,096</u>
NET ASSETS RELEASED FROM RESTRICTIONS:						
Restrictions satisfied by expenditures	27,147	(27,147)	-	7,500	(7,500)	-
EXPENSES:						
Program	451,020	-	451,020	412,874	-	412,874
Management and general	38,877	-	38,877	50,845	-	50,845
Fund raising	32,285	-	32,285	41,745	-	41,745
Total Expenses	<u>522,182</u>	<u>-</u>	<u>522,182</u>	<u>505,464</u>	<u>-</u>	<u>505,464</u>
CHANGE IN NET ASSETS	45,483	11,364	56,847	46,367	24,265	70,632
NET ASSETS - BEGINNING OF YEAR	<u>413,771</u>	<u>57,715</u>	<u>471,486</u>	<u>367,404</u>	<u>33,450</u>	<u>400,854</u>
NET ASSETS - END OF YEAR	<u>\$ 459,254</u>	<u>69,079</u>	<u>528,333</u>	<u>413,771</u>	<u>57,715</u>	<u>471,486</u>

See accompanying notes to financial statements.

Wishes & More®
 Statements of Functional Expenses
 For the Years Ended December 31, 2013 and 2012

	2013				2012			
	Management & Fund			Total	Management & Fund			Total
	Program	General	Raising		Program	General	Raising	
Salaries	\$ 144,077	26,196	16,840	187,113	104,979	33,402	20,678	159,059
Payroll taxes	10,568	1,921	1,235	13,724	7,649	2,434	1,507	11,590
Employee benefits	16,945	3,081	1,981	22,007	13,476	4,288	2,654	20,418
Total Personnel Costs	<u>171,590</u>	<u>31,198</u>	<u>20,056</u>	<u>222,844</u>	<u>126,104</u>	<u>40,124</u>	<u>24,839</u>	<u>191,067</u>
Wish expense	214,851	-	-	214,851	227,622	-	-	227,622
Scholarship of Hope®	14,000	-	-	14,000	5,500	-	-	5,500
Occupancy	10,164	1,848	1,188	13,200	8,712	2,772	1,716	13,200
Office supplies	5,936	1,058	720	7,714	6,550	1,908	1,365	9,823
Professional services	5,492	1,208	4,283	10,983	5,613	1,235	4,378	11,226
Postage	7,052	1,282	824	9,158	5,610	1,785	1,105	8,500
Meetings	1,269	231	148	1,648	589	187	116	892
Insurance	3,018	549	353	3,920	2,361	751	465	3,577
Public relations	10,484	-	3,495	13,979	18,583	-	6,194	24,777
Bank and credit card charges	696	676	676	2,048	691	671	671	2,033
Volunteer expense	2,049	-	-	2,049	619	-	-	619
Telephone	2,179	396	255	2,830	1,655	527	326	2,508
Miscellaneous	30	29	29	88	57	56	56	169
Total Expenses Before Amortization	<u>448,810</u>	<u>38,475</u>	<u>32,027</u>	<u>519,312</u>	<u>410,266</u>	<u>50,016</u>	<u>41,231</u>	<u>501,513</u>
Amortization	<u>2,210</u>	<u>402</u>	<u>258</u>	<u>2,870</u>	<u>2,608</u>	<u>829</u>	<u>514</u>	<u>3,951</u>
Total Expenses	<u>\$ 451,020</u>	<u>38,877</u>	<u>32,285</u>	<u>522,182</u>	<u>412,874</u>	<u>50,845</u>	<u>41,745</u>	<u>505,464</u>

See accompanying notes to financial statements.

Wishes & More®
 Statements of Cash Flows
 For Years Ended December 31, 2013 and 2012

CASH FLOWS PROVIDED BY (USED FOR)		2013	2012
OPERATING ACTIVITIES:		<u>2013</u>	<u>2012</u>
Change in Net Assets	\$	56,847	70,632
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:			
Amortization		2,870	3,951
Change in Assets and Liabilities:			
Decrease in promises to give		5,302	23,388
Decrease in other receivables		-	1,299
(Increase) decrease in prepaid expenses		1,309	(13,891)
Increase (decrease) in accounts payable		1,805	(2,753)
Increase in wishes payable		7,575	2,190
Increase (decrease) in accrued payroll and related expenses		(1,164)	4,216
Net cash provided by operating activities		<u>74,544</u>	<u>89,032</u>
 CASH FLOWS PROVIDED BY (USED FOR)			
INVESTING ACTIVITIES:			
Maturity of certificates of deposit		240,000	30,000
Purchase of certificates of deposit		(245,000)	(120,000)
Net cash used for investing activities		<u>(5,000)</u>	<u>(90,000)</u>
 NET INCREASE (DECREASE) IN CASH		69,544	(968)
 CASH - BEGINNING OF YEAR		<u>330,693</u>	<u>331,661</u>
 CASH - END OF YEAR	\$	<u><u>400,237</u></u>	<u><u>330,693</u></u>

Supplemental Disclosure of Cash Flow Information

Cash is defined as cash in checking, money market, savings, and cash on hand.

See accompanying notes to financial statements.

Wishes & More®
Notes to Financial Statements
December 31, 2013 and 2012

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organizational Purpose

Wishes and More® (Organization) is a nonprofit corporation organized to enhance the lives of children, nineteen years old and younger, fighting terminal or life-threatening conditions by providing extraordinary experiences. The Organization's support comes primarily from corporate and individual donor contributions.

The Organization also provides a **Scholarship of Hope®** which is presented to each wish child upon being granted their wish that will be a financial grant to apply to any higher institution of learning beyond high school. Memorials are provided for children who are unable to experience their wish.

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as codified by the Financial Accounting Standards Board.

Under U.S. GAAP, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Presently, the Organization has no permanently restricted net assets.

Unrestricted, Temporarily Restricted and Permanently Restricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributions received with donor-imposed restrictions that are met in the same reporting period are reported as unrestricted contributions without reclassification.

Wishes & More®
Notes to Financial Statements, Page Two
December 31, 2013 and 2012

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

Furniture and Equipment

All major expenditures for furniture and equipment are capitalized at cost. Contributed furniture and equipment are recorded at fair value at the date of acquisition. Depreciation is provided through the use of the straight-line method over the estimated lives of the furniture and equipment of five years.

Website

Website development costs were amortized using the straight-line method over five years.

Software

Software costs were amortized using the straight-line method over five years.

Trademark Costs

Trademark costs are being amortized using the straight-line method over fifteen years.

Wishes Payable

The Organization's wish policy is to recognize wish expense when the expense is incurred. The Organization believes this policy better reflects the wish expense as the wish expense is not known until the wish occurs. As of December 31, 2013 and 2012, the Organization had approved and designated net assets of approximately \$99,100 and \$37,400, respectively, for future wishes.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets or as decreases of liabilities or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. At December 31, 2012, 33% of the Organization's promises to give came from one donor. There was no similar concentration of promises to give at December 31, 2013.

Allowance for Doubtful Promises to Give

Management performs periodic reviews of the collectability of promises to give and establishes allowances accordingly. No allowance for doubtful promises to give has been provided, as management believes all promises to give are collectible.

Wishes & More®
Notes to Financial Statements, Page Three
December 31, 2013 and 2012

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

Income Tax

The Organization has tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. It has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code and charitable contributions by donors are tax deductible.

U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2010.

Functional Allocation of Expense

It is the Organization's policy to allocate direct expenses to the specific functions of program, management and general, and fundraising. Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting services, are allocated based on the best estimates of management.

Concentrations of Credit Risk Due to Promises to Give

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of promises to give. Promises to give represent amounts due from various individuals and corporations. Management believes concentrations of credit risk with respect to these promises to give are limited due to the nature and dollar amounts. As of December 31, 2013 and 2012, management believes the Organization has no significant concentrations of credit risk.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organization maintains cash accounts at three financial institutions located within Minnesota. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 at each institution. At December 31, 2013 and 2012, the Organization had no uninsured cash balances.

Wishes & More®
Notes to Financial Statements, Page Four
December 31, 2013 and 2012

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the report date, the date which the financial statements were available for issue.

(2) **CERTIFICATES OF DEPOSIT**

At December 31, 2013, the Organization has five certificates of deposit with original maturity dates ranging from six months to twelve months and interest rates ranging from 0.25% to 0.65%. At December 31, 2012, the Organization had six certificates of deposit with original maturity dates ranging from six months to twelve months and interest rates ranging from 0.30% to 0.45%.

(3) **IN-KIND CONTRIBUTIONS**

The Organization records in-kind contributions of goods and services at fair value at date of donation. Contributed goods and services are reported if the goods or services would typically need to be purchased by the Organization and if the service requires specialized skills. Contributions consisted of various items and services relating to public relations services, printing services, and other donations for wishes as of December 31, 2013 and 2012 and were valued at \$77,460 and \$96,431, respectively.

A number of unpaid volunteers have made significant contributions of their time to the Organization's programs. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition in the financial statements.

(4) **LEASES**

The Organization has month-to-month office, storage and meeting space leases. The office space is rented for \$1,000 per month from a corporation whose shareholder is a spouse of a member of the Board of Directors. The storage and meeting space was rented from a relative of a member of the Board of Directors for \$100 per month. Total rent expense was \$13,200 for 2013 and 2012.

Wishes & More®
Notes to Financial Statements, Page Five
December 31, 2013 and 2012

(5) **RETIREMENT PLAN**

The Organization maintains a SIMPLE IRA plan which is available to employees who have earned at least \$5,000 in the current year. The Organization matches 100% of the employee contributions up to a maximum of 3% of the employee’s salary. The Organization’s matching expense for the years ended December 31, 2013 and 2012 was \$5,405 and \$4,286, respectively.

(6) **BOARD DESIGNATED UNRESTRICTED NET ASSETS**

The Organization’s Board of Directors designates unrestricted net assets for wishes approved by the Board, but not fulfilled at year end. The designated amount for wishes is based on estimated costs to complete the wish. The amount designated for future wishes was \$99,067 and \$37,412 at December 31, 2013 and 2012, respectively. The Organization also designates unrestricted net assets for future **Scholarship of Hope®** recipients. The **Scholarship of Hope®** designated amount is based on \$1,000 per recipient. At December 31, 2013 and 2012, there were 160 and 157 possible future **Scholarship of Hope®** recipients. The designated amount for **Scholarship of Hope®** was \$120,359 and \$108,295, respectively. For 2013 and 2012, in addition to the Board designated amount for **Scholarship of Hope®** there are temporarily restricted net assets of \$39,641 and \$48,705, respectively.

(7) **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available for the following purposes:

	<u>2013</u>	<u>2012</u>
Scholarship of Hope®	\$ 39,641	48,705
Wish Expenses	<u>29,438</u>	<u>9,010</u>
Total Temporarily Restricted Net Assets	<u>\$ 69,079</u>	<u>57,715</u>

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Notes to Financial Statements, Page Six
December 31, 2013 and 2012

(8) **FUNDRAISING EVENTS**

The Organization holds a variety of fundraising events during the year. For 2013 and 2012, the fundraising events included the Golf Classic, the Winter Ball, and Wine and Beer Tastings. The Winter Ball is an annual February event with a theme filled evening that involves dinner, a large silent auction and exciting live auction, with entertainment throughout the evening. The Golf Classic consists of 18 holes of golf, silent and live auctions, contests, banquet and much more at a local golf course. Fundraising events generated revenues of \$366,541 and \$345,489 in 2013 and 2012, respectively.

Expenses for the fundraising events were as follows:

	<u>2013</u>	<u>2012</u>
Direct Benefit:		
Food and Drink	\$ 32,678	37,477
Decorations and Entertainment	10,109	9,006
Auction Items and Prizes	1,918	5,632
Golfing Fees	11,716	10,150
Indirect Benefit:		
Marketing and Printing	2,485	1,237
Supplies	1,421	1,442
Postage	331	1,730
Bank Card Fees	6,614	4,672
Other	<u>1,018</u>	<u>2,180</u>
Total	\$ <u>68,290</u>	<u>73,526</u>