

Wishes & More®

Financial Statements

December 31, 2012 and 2011

**Ryan J. Terry, LTD.
Certified Public Accountants
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Oakdale, Minnesota 55128
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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, 2012 and 2011 and the related statements of activities, functional expenses, and cash flows 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 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, 2012 and 2011 and the 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.

July 15, 2013

A handwritten signature in black ink that reads "Ryan J. Terry, Ltd." The signature is written in a cursive style with a large initial 'R' and 'T'.

Wishes & More®
Statements of Financial Position
December 31, 2012 and 2011

ASSETS	2012	2011
Current assets:		
Cash	\$ 330,693	331,661
Promises to give	15,327	38,715
Other receivables	-	1,299
Prepaid expenses	17,945	4,054
	<u>363,965</u>	<u>375,729</u>
Total current assets		
Certificates of deposit	<u>120,000</u>	<u>30,000</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>18,716</u>	<u>14,765</u>
Net other assets	<u>5,829</u>	<u>9,780</u>
Total Assets	\$ <u>489,794</u>	<u>415,509</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 2,511	5,264
Wishes payable	5,610	3,420
Accrued payroll and related expenses	10,187	5,971
	<u>18,308</u>	<u>14,655</u>
Total current liabilities		
Net assets:		
Unrestricted:		
Undesignated	268,064	193,023
Board designated	145,707	174,381
Temporarily restricted	57,715	33,450
	<u>471,486</u>	<u>400,854</u>
Total net assets		
Total Liabilities and Net Assets	\$ <u>489,794</u>	<u>415,509</u>

See accompanying notes to financial statements.

Wishes & More®
 Statements of Activities
 For the Years Ended December 31, 2012 and 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES:						
Contributions	\$ 91,265	31,765	123,030	70,887	2,500	73,387
Memorials	11,275	-	11,275	27,255	-	27,255
Grants	72,635	-	72,635	68,000	-	68,000
In-kind contributions	96,431	-	96,431	118,305	-	118,305
Special fundraising events, net	271,963	-	271,963	268,983	4,000	272,983
Interest income	762	-	762	885	-	885
Total Revenues	544,331	31,765	576,096	554,315	6,500	560,815
NET ASSETS RELEASED FROM RESTRICTIONS:						
Restrictions satisfied by expenditures	7,500	(7,500)	-	14,300	(14,300)	-
EXPENSES:						
Program	412,874	-	412,874	491,028	-	491,028
Management and general	50,845	-	50,845	39,850	-	39,850
Fund raising	41,745	-	41,745	54,877	-	54,877
Total Expenses	505,464	-	505,464	585,755	-	585,755
CHANGE IN NET ASSETS	46,367	24,265	70,632	(17,140)	(7,800)	(24,940)
NET ASSETS - BEGINNING OF YEAR	367,404	33,450	400,854	384,544	41,250	425,794
NET ASSETS - END OF YEAR	\$ 413,771	57,715	471,486	367,404	33,450	400,854

See accompanying notes to financial statements.

Wishes & More®
 Statements of Functional Expenses
 For the Years Ended December 31, 2012 and 2011

	2012				2011			
	Management			Total	Management			Total
	Program	& General	Fund Raising		Program	& General	Fund Raising	
Salaries	\$ 104,979	33,402	20,678	159,059	73,921	24,641	24,641	123,203
Payroll taxes	7,649	2,434	1,507	11,590	5,607	1,870	1,869	9,346
Unemployment	-	-	-	-	3,019	1,006	1,006	5,031
Employee benefits	13,476	4,288	2,654	20,418	8,692	2,894	2,907	14,493
Total Personnel Costs	126,104	40,124	24,839	191,067	91,239	30,411	30,423	152,073
Wish expense	227,622	-	-	227,622	325,787	-	-	325,787
Scholarship of Hope®	5,500	-	-	5,500	8,000	-	-	8,000
Occupancy	8,712	2,772	1,716	13,200	7,922	2,640	2,638	13,200
Office supplies	6,550	1,908	1,365	9,823	4,461	1,487	1,486	7,434
Professional services	5,613	1,235	4,378	11,226	4,428	973	3,454	8,855
Postage	5,610	1,785	1,105	8,500	5,086	1,696	1,694	8,476
Meetings	589	187	116	892	1,514	505	505	2,524
Insurance	2,361	751	465	3,577	2,051	683	683	3,417
Public relations	18,583	-	6,194	24,777	35,392	-	11,798	47,190
Bank and credit card charges	691	671	671	2,033	454	441	441	1,336
Volunteer expense	619	-	-	619	1,064	-	-	1,064
Telephone	1,655	527	326	2,508	1,272	424	425	2,121
Miscellaneous	57	56	56	169	55	56	56	167
Total Expenses Before Depreciation and Amortization	410,266	50,016	41,231	501,513	488,725	39,316	53,603	581,644
Depreciation and amortization	2,608	829	514	3,951	2,303	534	1,274	4,111
Total Expenses	\$ 412,874	50,845	41,745	505,464	491,028	39,850	54,877	585,755

See accompanying notes to the financial statements.

Wishes & More®
 Statements of Cash Flows
 For Years Ended December 31, 2012 and 2011

CASH FLOWS PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES:	<u>2012</u>	<u>2011</u>
Change in Net Assets	\$ 70,632	(24,940)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	-	160
Amortization	3,951	3,951
Change in Assets and Liabilities:		
(Increase) decrease in promises to give	23,388	(12,540)
Decrease in other receivables	1,299	438
(Increase) decrease in prepaid expenses	(13,891)	32,646
Decrease in accounts payable	(2,753)	(9,119)
Increase (decrease) in wishes payable	2,190	(1,982)
Increase in accrued payroll and related expenses	4,216	114
Net cash provided by (used for) operating activities	<u>89,032</u>	<u>(11,272)</u>
 CASH FLOWS PROVIDED BY (USED FOR)		
INVESTING ACTIVITIES:		
Maturity of certificates of deposit	30,000	205,236
Purchase of certificates of deposit	<u>(120,000)</u>	<u>(150,000)</u>
Net cash provided by (used for) investing activities	<u>(90,000)</u>	<u>55,236</u>
 NET INCREASE (DECREASE) IN CASH	(968)	43,964
 CASH - BEGINNING OF YEAR	<u>331,661</u>	<u>287,697</u>
 CASH - END OF YEAR	<u>\$ 330,693</u>	<u>331,661</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, 2012 and 2011

(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. There were no permanently restricted net assets at December 31, 2012 and 2011.

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

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Notes to Financial Statements, Page Two
December 31, 2012 and 2011

(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, 2012 and 2011, the Organization had approved and designated net assets of approximately \$37,400 and \$44,300, respectively, for future wishes.

Other Receivables

Other receivables consisted of the Organization's health care tax credit.

Promises to Give

At December 31, 2012, and 2011, 33% and 52%, respectively, of the Organization's promises to give came from one donor.

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Notes to Financial Statements, Page Three
December 31, 2012 and 2011

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

Allowance for Doubtful Promises to Give and Other Receivables

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

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, 2012 and 2011, 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 2009.

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 and Other Receivables

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of promises to give and other receivables. Promises to give and other receivables represent amounts due from various individuals and corporations. Management believes concentrations of credit risk with respect to these promises to give and other receivables are limited due to the nature and dollar amounts. As of December 31, 2012 and 2011, management believes the Organization has no significant concentrations of credit risk.

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Notes to Financial Statements, Page Four
December 31, 2012 and 2011

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

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, 2012 and 2011 the Organization had no uninsured cash balances.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, 2012, the Organization has 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%. At December 31, 2011, the Organization had one certificate of deposit with original maturity date of twelve months and an interest rate of 0.4%.

(3) **IN-KIND CONTRIBUTIONS**

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.

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, 2012 and 2011 and were valued at \$96,431 and \$118,305, respectively.

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Notes to Financial Statements, Page Five
December 31, 2012 and 2011

(4) **LEASES**

The Organization has month-to-month office, storage and meeting space leases. The office space is rented from a corporation of which a spouse of a member of the Board of Directors is a shareholder for \$1,000 per month in 2012 and 2011. The storage and meeting space was rented from a child of a member of the Board of Directors for \$100 per month in 2012 and 2011. For 2012 and 2011, total rent expense was \$13,200.

(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, 2012 and 2011 was \$4,286 and \$2,797, 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 \$37,412 and \$44,331 at December 31, 2012 and 2011, 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, 2012 and 2011, there were 157 and 145 possible future **Scholarship of Hope®** recipients. The designated amount for **Scholarship of Hope®** was \$108,295 and \$130,050, respectively. For 2012 and 2011, in addition to the Board designated amount for **Scholarship of Hope®** there are temporarily restricted net assets of \$48,705 and \$14,950, respectively.

(7) **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available for the following purposes:

	<u>2012</u>	<u>2011</u>
Scholarship of Hope®	\$ 48,705	14,950
Memorials	-	5,000
Wish Expenses	<u>9,010</u>	<u>13,500</u>
Total Temporarily Restricted Net Assets	\$ <u>57,715</u>	<u>33,450</u>

Wishes & More®
Notes to Financial Statements, Page Six
December 31, 2012 and 2011

(8) **FUNDRAISING EVENTS**

The Organization holds a variety of fundraising events during the year. For 2012 and 2011, 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 \$345,489 and \$344,542 in 2012 and 2011, respectively.

Expenses for the fundraising events were as follows:

	<u>2012</u>	<u>2011</u>
Direct Benefit:		
Food and Drink	\$ 37,477	29,245
Decorations and Entertainment	9,006	8,878
Auction Items and Prizes	5,632	15,417
Bowling Fees	10,150	5,709
Indirect Benefit:		
Marketing and Printing	1,237	1,978
Supplies	1,442	1,542
Postage	1,730	733
Bank Card Fees	4,672	5,549
Other	<u>2,180</u>	<u>2,508</u>
Total	\$ <u>73,526</u>	<u>71,559</u>