

WISHES & MORE®

Financial Statements

December 31, 2017 and 2016



Wishes & More[®]
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wishes & More®
Minneapolis, Minnesota

We have audited the accompanying financial statements of Wishes and More®, which comprise the statement of financial position as of December 31, 2017 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 the 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, 2017 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 financial statements of Wishes and More® as of and for the year ended December 31, 2016, were audited by other auditors. Those auditors expressed an unmodified opinion on those financial statements in their report dated May 31, 2017.

June 6, 2018

Akins Henke and Company

Wishes & More®
 Statements of Financial Position
 December 31, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash	\$ 631,872	431,306
Promises to Give	65,794	53,400
Prepaid Expenses	<u>26,892</u>	<u>11,960</u>
Total Current Assets	<u>724,558</u>	<u>496,666</u>
 Certificates of Deposit	 <u>400,000</u>	 <u>500,000</u>
 Furniture and Equipment:		
Furniture and Equipment	22,154	5,651
Less Accumulated Depreciation	<u>5,887</u>	<u>2,793</u>
Net Furniture and Equipment	<u>16,267</u>	<u>2,858</u>
 Other Assets:		
Trademark Costs	6,878	6,878
Website	<u>3,198</u>	<u>3,198</u>
Total Other Assets	10,076	10,076
Less Accumulated Amortization	<u>6,789</u>	<u>5,732</u>
Net Other Assets	<u>3,287</u>	<u>4,344</u>
 Total Assets	 \$ <u>1,144,112</u>	 <u>1,003,868</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 796	1,962
Wishes Payable	18,028	19,513
Accrued Compensation	<u>20,460</u>	<u>15,054</u>
Total Current Liabilities	<u>39,284</u>	<u>36,529</u>
 Net Assets:		
Unrestricted:		
Undesignated	510,441	669,693
Board Designated	<u>448,645</u>	<u>204,689</u>
Total Unrestricted	959,086	874,382
 Temporarily Restricted	 <u>145,742</u>	 <u>92,957</u>
Total Net Assets	<u>1,104,828</u>	<u>967,339</u>
 Total Liabilities and Net Assets	 \$ <u>1,144,112</u>	 <u>1,003,868</u>

See accompanying notes to the financial statements.

Wishes & More®
 Statements of Activities
 For the Years Ended December 31, 2017 and 2016

	<u>2017</u>			<u>2016</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES:						
Contributions	\$ 239,367	10,500	249,867	147,603	68,000	215,603
Grants	16,000	20,000	36,000	11,043	2,957	14,000
In-kind Contributions	184,517	-	184,517	134,609	-	134,609
Interest Income	6,065	-	6,065	2,850	-	2,850
Total Support	<u>445,949</u>	<u>30,500</u>	<u>476,449</u>	<u>296,105</u>	<u>70,957</u>	<u>367,062</u>
Special Fundraising Events, Net	549,594	70,000	619,594	615,114	-	615,114
Less Cost of Direct Benefits to Donors	(88,640)	-	(88,640)	(89,032)	-	(89,032)
Net Special Events	<u>460,954</u>	<u>70,000</u>	<u>530,954</u>	<u>526,082</u>	<u>-</u>	<u>526,082</u>
Total Support and Revenues	<u>906,903</u>	<u>100,500</u>	<u>1,007,403</u>	<u>822,187</u>	<u>70,957</u>	<u>893,144</u>
NET ASSETS RELEASED FROM RESTRICTIONS:						
Restrictions Satisfied by Expenditures	47,715	(47,715)	-	30,426	(30,426)	-
EXPENSES:						
Program	715,086	-	715,086	579,625	-	579,625
Management and General	73,230	-	73,230	60,708	-	60,708
Fundraising	81,598	-	81,598	78,871	-	78,871
Total Expenses	<u>869,914</u>	<u>-</u>	<u>869,914</u>	<u>719,204</u>	<u>-</u>	<u>719,204</u>
CHANGE IN NET ASSETS	84,704	52,785	137,489	133,409	40,531	173,940
NET ASSETS - BEGINNING OF YEAR	<u>874,382</u>	<u>92,957</u>	<u>967,339</u>	<u>740,973</u>	<u>52,426</u>	<u>793,399</u>
NET ASSETS - END OF YEAR	<u>\$ 959,086</u>	<u>145,742</u>	<u>1,104,828</u>	<u>874,382</u>	<u>92,957</u>	<u>967,339</u>

See accompanying notes to the financial statements.

Wishes & More®
 Statements of Functional Expenses
 For the Years Ended December 31, 2017 and 2016

	<u>2017</u>				<u>2016</u>			
	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 153,507	47,970	38,377	239,854	141,730	40,801	32,211	214,742
Payroll Taxes	10,456	3,267	2,614	16,337	9,904	2,851	2,251	15,006
Employee Benefits	21,224	6,633	5,306	33,163	20,389	5,869	4,634	30,892
Total Personnel Costs	<u>185,187</u>	<u>57,870</u>	<u>46,297</u>	<u>289,354</u>	<u>172,023</u>	<u>49,521</u>	<u>39,096</u>	<u>260,640</u>
Wish Expense	457,272	-	-	457,272	330,133	-	-	330,133
Scholarship of Hope®	10,000	-	-	10,000	12,000	-	-	12,000
Occupancy	9,491	2,967	2,374	14,832	10,800	2,160	1,440	14,400
Office Supplies	8,749	2,734	2,187	13,670	8,559	1,712	1,141	11,412
Professional Services	11,821	3,695	2,955	18,471	10,172	3,391	3,391	16,954
Special Fundraising Events	-	-	21,112	21,112	-	-	25,003	25,003
Postage	7,716	2,411	1,929	12,056	6,397	1,280	853	8,530
Meetings	675	454	454	1,583	1,850	370	247	2,467
Education	-	-	-	-	1,180	-	-	1,180
Insurance	2,740	856	685	4,281	2,962	593	395	3,950
Public Relations	12,677	-	1,811	14,488	17,689	-	5,897	23,586
Bank and Credit Card Charges	2,208	690	551	3,449	888	862	862	2,612
Volunteer Expense	1,578	-	-	1,578	882	-	-	882
Telephone	2,315	723	579	3,617	2,845	569	379	3,793
Amortization	677	211	169	1,057	732	147	98	977
Depreciation	1,980	619	495	3,094	513	103	69	685
Total Expenses	<u>\$ 715,086</u>	<u>73,230</u>	<u>81,598</u>	<u>869,914</u>	<u>579,625</u>	<u>60,708</u>	<u>78,871</u>	<u>719,204</u>

See accompanying notes to the financial statements.

Wishes & More®
 Statements of Cash Flows
 For the Years Ended December 31, 2017 and 2016

CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	<u>2017</u>	<u>2016</u>
Change in Net Assets	\$ 137,489	173,940
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used for) Operating Activities:		
Amortization and Depreciation	4,151	1,662
Noncash Donations of Furniture and Equipment	(14,599)	-
Change in Assets and Liabilities:		
Increase in Promises to Give	(12,394)	(16,195)
(Increase) Decrease in Prepaid Expenses	(14,932)	23,477
(Decrease) Increase in Accounts Payable	(1,166)	502
(Decrease) Increase in Wishes Payable	(1,485)	7,997
Increase in Accrued Compensation	5,406	5,700
Net Cash Provided by Operating Activities	<u>102,470</u>	<u>197,083</u>
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES:		
Maturity of Certificates of Deposit	925,000	400,000
Purchase of Certificates of Deposit	(825,000)	(500,000)
Purchase of Furniture and Equipment	(1,904)	(2,343)
Purchase of Other Assets	-	(3,413)
Net Cash Provided by (Used for) Investing Activities	<u>98,096</u>	<u>(105,756)</u>
NET INCREASE IN CASH	200,566	91,327
CASH - BEGINNING OF YEAR	<u>431,306</u>	<u>339,979</u>
CASH - END OF YEAR	<u>\$ 631,872</u>	<u>431,306</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 the financial statements.

WISHES & MORE®
Notes to the Financial Statements
December 31, 2017 and 2016

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

Nature of Operations

Wishes and More® (the 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 on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). 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- net assets over which the Board of Directors has discretionary control. Designated amounts represent those revenues which the Board has set aside for a particular purpose. At December 31, 2017 and 2016, the Board has designated \$448,645 and \$204,689, respectively, for general operation reserves.

Temporarily Restricted Net Assets- net assets subject to a donor-imposed restriction which will be satisfied by actions of the Organization or passage of time.

Permanently Restricted Net Assets- net assets subject to a donor-imposed restriction required to be maintained permanently by the Organization. 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.

WISHES & MORE[®]
Notes to the Financial Statements
December 31, 2017 and 2016

(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, 2017, the Organization had uninsured cash of approximately \$126,800. At December, 31, 2016, there was no uninsured cash.

Certificates of Deposit

Certificates of deposit are recorded at cost, which approximates fair value.

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, 2017, 59% of the Organization's promises to give came from three donors. At December 31, 2016, 96% of the Organization's promises to give came from four donors.

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.

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, 2017 and 2016, management believes the Organization has no significant concentrations of credit risk.

Furniture and Equipment

Furniture and equipment are recorded at historical cost. Contributed furniture and equipment are recorded at fair value at the date of donation. Major additions and betterments in excess of \$1,000 are capitalized while replacements, maintenance, and repairs that do not improve or extend the life of the respective assets are expensed in the current period. Depreciation is provided through the use of the straight-line method over the estimated lives of the furniture and equipment of five years.

WISHES & MORE®
Notes to the Financial Statements
December 31, 2017 and 2016

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

Trademark Costs

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

Website

Website development costs were amortized using the straight-line method over five 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, 2017 and 2016, the Organization had approved and designated net assets of approximately \$47,000 and \$74,000, respectively, for future wishes.

Income Tax

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. 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, 2017 and 2016, there were no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Donated Services and Goods

Donated services are recognized as contributions if they (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Donated goods are valued at fair value at the date of donation. Donated services and goods consist of various items and services relating to public relation services, printing services, and other donations for wishes.

A number of volunteers have made significant contributions of their time to the Organization to help with programs and activities. The value of this contributed time is not reflected in the financial statements since such time valuation does not conform to recognition standards under U.S. GAAP.

WISHES & MORE[®]
Notes to the Financial Statements
December 31, 2017 and 2016

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

Special Fundraising Events

The Organization holds a variety of fundraising events during the year. For the years ended December 31, 2017 and 2016, fundraising events include the Golf Classic, the Winter Ball, Wine and Beer Tastings, and Breakfast with Santa.

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. Other expenses which are not directly identifiable by program or supporting services, are allocated based on the best estimates of management.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expense was \$14,488 and \$23,586 for the years ended December 31, 2017 and 2016, respectively.

Reclassification

Certain 2016 amounts have been reclassified for comparability purposes with those of 2017. Such reclassifications have no impact on the 2016 change in net assets.

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 for potential recognition or disclosure through June 6, 2018, the date which the financial statements were available for issue.

(2) **CERTIFICATES OF DEPOSIT**

At December 31, 2017, the Organization held eight certificates of deposit with original maturity dates ranging from ten months to thirteen months and interest rates ranging from 0.95% to 1.50%. At December 31, 2016, the Organization held eight certificates of deposit with original maturity dates ranging from six months to twelve months and interest rates ranging from 0.55% to 0.75%.

WISHES & MORE®
Notes to the Financial Statements
December 31, 2017 and 2016

(3) **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available for the following purposes at December 31:

	<u>2017</u>	<u>2016</u>
Scholarship of Hope®	\$ 70,000	51,500
Wish Expenses	67,500	38,500
Memorials	3,000	-
MN Wild Grant	<u>5,242</u>	<u>2,957</u>
Total	<u>\$ 145,742</u>	<u>92,957</u>

(4) **OCCUPANCY**

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 the spouse of a board member. The storage and meeting space is rented for \$200 per month on a demand basis. In addition, during 2017 the Organization received in-kind storage space valued at \$432. Total rent expense was \$14,832 and \$14,400 for 2017 and 2016, respectively.

(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 contributions for the years ended December 31, 2017 and 2016 was \$6,933 and \$5,773, respectively.

(6) **IN-KIND CONTRIBUTIONS**

For 2017 and 2016, the Organization received and recorded the following in-kind contributions:

	<u>2017</u>	<u>2016</u>
Wish Services and Items	\$ 151,240	109,836
Rent	432	-
Office Supplies and Printing	4,187	1,598
Professional Fees	640	870
Public Relations	13,419	22,305
Furniture and Equipment	<u>14,599</u>	<u>-</u>
	<u>\$ 184,517</u>	<u>134,609</u>