MAKE-A-WISH FOUNDATION® OF ARIZONA

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2019

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Arizona
Scottsdale, Arizona

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Arizona, which comprise the statement of financial position as of August 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 Arizona

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 Arizona as of August 31, 2019, 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.

Emphasis of Matters

As discussed in Note 2 to the financial statements, Make-A-Wish Foundation® of Arizona adopted a new accounting principle during the year ended August 31, 2019: Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities.* Make-A-Wish Foundation® of Arizona also changed an accounting policy with the elimination of the pending wish liability from the Foundation's statement of financial position. Our opinion is not modified with respect to these matters.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
January 28, 2020

MAKE-A-WISH FOUNDATION® OF ARIZONA
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019

ASSETS	
Cash and Cash Equivalents	$ 5,847,361
Due from Related Entities	85,051
Prepaid Expenses	270,875
Contributions Receivable, Net	1,543,202
Other Assets	33,582
Split-Interest Agreements	51,575
Property and Equipment, Net	2,930,342
Beneficial Interest in Assets Held by Others	273,059
Total Assets	$ 11,035,047
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts Payable and Accrued Expenses	$ 937,868
Due to Related Entities	29,760
Capital Lease Obligation	4,691
Total Liabilities	972,319
NET ASSETS	
Without Donor Restrictions	8,383,494
With Donor Restrictions	1,679,234
Total Net Assets	10,062,728
Total Liabilities and Net Assets	$ 11,035,047

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	$ 5,494,531	$ 1,326,101	$ 6,820,632
Grants	103,365	12,500	115,865
Total Public Support	5,597,896	1,338,601	6,936,497
Special Events:			
Internal Special Events	2,430,696	-	2,430,696
Less: Costs of Direct Benefits to Donors	(367,663)	-	(367,663)
Total Special Events	2,063,033	-	2,063,033
Investment Income, Net	55,249	-	55,249
Other Income	9,990	-	9,990
Change in Value of Beneficial Interest in Assets Held by Others	-	(13,261)	(13,261)
Net Assets Released from Restrictions	843,677	(843,677)	-
Total Revenues, Gains, and Other Support	8,569,845	481,663	9,051,508
EXPENSES			
Program Services:			
Wish Granting	6,656,411	-	6,656,411
Total Program Services	6,656,411	-	6,656,411
Support Services:			
Fundraising	1,246,526	-	1,246,526
Management and General	897,339	.	897,339
Total Support Services	2,143,865	-	2,143,865
Total Expenses	8,800,276	-	8,800,276
CHANGE IN NET ASSETS	(230,431)	481,663	251,232
Net Assets - Beginning - Before Change in Accounting Policy	5,156,110	1,197,571	6,353,681
Change in Accounting Policy	3,457,815	-	3,457,815
Net Assets - Beginning of Year - As Adjusted	8,613,925	1,197,571	9,811,496
NET ASSETS - END OF YEAR	$ 8,383,494	$ 1,679,234	$ 10,062,728

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF ARIZONA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2019

	Program Services	Support Services				
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	$ 4,627,928	$ -	$ -	$ -	$ -	$ 4,627,928
Salaries, Taxes, and Benefits	1,374,456	734,852	633,814	1,368,666	-	2,743,122
Printing, Subscriptions, and Publications	27,806	52,556	4,515	57,071	-	84,877
Professional Fees	40,556	81,871	95,737	177,608	-	218,164
Rent and Utilities	39,543	21,354	18,190	39,544	-	79,087
Postage and Delivery	7,324	18,907	3,057	21,964	-	29,288
Travel	3,417	23,680	5,739	29,419	-	32,836
Meetings and Conferences	29,244	117,460	20,086	137,546	-	166,790
Office Supplies	21,358	7,471	4,095	11,566	-	32,924
Communications	16,581	10,831	7,058	17,889	-	34,470
Advertising and Media (Cash)	-	6,634	-	6,634	-	6,634
Advertising and Media (In-Kind)	200	13,072	92	13,164	-	13,364
Repairs and Maintenance	2,451	1,323	1,201	2,524	-	4,975
Bad Debt Expense	-	2,500	-	2,500	-	2,500
Membership Dues	1,849	2,914	1,490	4,404	-	6,253
National Partnership Dues	341,748	43,259	47,585	90,844	-	432,592
Miscellaneous	18,209	51,822	6,959	58,781	-	76,990
Depreciation and Amortization	103,741	56,020	47,721	103,741	-	207,482
Special Event - Direct Donor Benefits	-	-	-	-	367,663	367,663
Total	6,656,411	1,246,526	897,339	2,143,865	367,663	9,167,939
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(367,663)	(367,663)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 6,656,411	$ 1,246,526	$ 897,339	$ 2,143,865	$ -	$ 8,800,276

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF ARIZONA
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 251,232
Adjustments to Reconcile Change in Net Assets to	
Net Cash Used by Operating Activities:	
Depreciation and Amortization	207,482
Bad Debt Expense	2,500
Contributed Inventory	(1,854)
Distributions from Beneficial Interest Held by Others	3,000
Change in Value of Beneficial Interests in Assets Held by Others	9,246
Change in Value of Split-Interest Agreements	4,015
Change in Discount to Present Value of Contributions Receivable	18,382
(Increase) Decrease in Assets:	
Contributions Receivable	(1,197,893)
Due from Related Entities	38,484
Prepaid Expenses	(226,600)
Other Assets	1,804
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	193,615
Due to Related Entities	(23,862)
Net Cash Used by Operating Activities	(720,449)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	661,882
Purchases of Property and Equipment	(68,970)
Net Cash Provided by Investing Activities	592,912
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Payments on Capital Lease Obligations	(1,572)
Net Cash Used by Financing Activities	(1,572)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(129,109)
Cash and Cash Equivalents - Beginning of Year	5,976,470
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 5,847,361
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid for Interest Expense	$ 444
Contributed Inventory	$ 1,854

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Arizona (the Foundation) is an Arizona nonprofit corporation, organized for the purpose of creating life changing wishes for children with critical illnesses. The Foundation is an independently operating chapter of Make-A-Wish Foundation of America (the 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 accounting principles generally accepted in the United States of America applicable to nonprofit entities.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions or law.

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 5 to 40 years. 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.

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.

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets (or liabilities) that the reporting entity has the ability to access at the measurement date.

Level 2 – Prices for a similar asset (or liability), other than quoted prices included in Level 1 inputs, that are observable for the asset (or liability), either directly or indirectly. If the asset (or liability) has a specified term, a Level 2 input must be observable for substantially the full term of the asset (or liability).

Level 3 – Unobservable inputs for the asset (or liability) used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset (or liability) at measurement date.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a building reserve.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as Net Assets Released from Restrictions.

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 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Foundation received in-kind contributions of assets, services, and materials that are reported in the statement of activities as follows as of August 31, 2019 :

	Program	Fundraising	Management and General	Total
Wish Related	$ 2,243,890	$ -	$ -	$ 2,243,890
Professional Services	-	5,634	-	5,634
Rent	4,305	2,324	1,980	8,609
Advertising and Media	200	13,072	92	13,364
Other	19,592	51,782	3,188	74,562
Total	$ 2,267,987	$ 72,812	$ 5,260	2,346,059
Special Events				5,010
Inventory (Asset)				1,854
Total				$ 2,352,923

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.

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 are reported as contribution revenue and fundraising 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 nonprofit organization exempt from federal and Arizona income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and Arizona Revised Statutes 43-1201(4), respectively. 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, 2019. The Foundation files income tax returns in the U.S. federal and applicable state jurisdictions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

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

Wish Granting

Activities performed by the Foundation in granting wishes to children with critical illnesses.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal year ended August 31, 2019, the Foundation did not incur joint costs for activities that include fundraising appeals.

Management and General

All costs not identifiable with specific programs or fundraising activities, 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.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Change in Accounting Principle – Adoption of ASU 2016-14

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The adoption of this standard did not impact the Foundation's net assets as of September 1, 2018.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Policy – Pending Wish Liability

Through the fiscal year ending August 31, 2018, the Foundation accrued for estimated costs of reportable pending wishes when five certain, measurable wish criteria were met. This accrual did not represent a legally binding liability but was considered a moral obligation to the child by the Foundation arising when the five criteria were met. Given the changes to the wish granting environment that have occurred in recent years, the Foundation determined that the calculation was no longer representative of the future obligations. The Foundation remains committed to its mission. Please see the commitment footnote for details about future wish granting obligations. As a result of this change in accounting policy, net assets without restrictions as of September 1, 2018 have increased by $3,457,815.

NOTE 3 LIQUIDITY AND AVAILABILITY

The Foundation monitors liquidity regularly through the monthly financial package provided to the board and through the enterprise-wide benchmarks of excellence. Holding 6 months to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

Total Financial Assets	$ 7,800,248
Donor-Imposed Restrictions:	
Restricted Funds	(1,679,234)
Net Financial Assets after Donor-Imposed Restrictions	6,121,014
Internal Designations:	
Board Designated Building Reserve Fund	(215,230)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 5,905,784

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

Fair value is defined as the amount 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.

The fair values of the financial instruments shown in the following table as of August 31, 2019 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

Fair Value Hierarchy

The following table presents the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at August 31, 2019:

	Quoted Prices in in Active Markets of Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Split-Interest Agreements	$ -	$ -	$ 51,575	$ 51,575
Beneficial Interest in Assets	-	-	273,059	273,059
Total Assets	$ -	$ -	$ 324,634	$ 324,634

For the valuation of beneficial interest in assets held by others at August 31, 2019, the Foundation used present value techniques and risk-adjusted discount rates that reflect the assumptions that market participants would use in pricing the underlying assets, and are based on the fair value of trust investments as reported by the trustees (Level 3).

The following table presents a roll-forward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the year ended August 31, 2019:

Beginning Balance	$ 340,895
Change in Beneficial Interest in Assets Held by Others	(9,246)
Change in Split Interest Agreements	(4,015)
Distributions	(3,000)
Ending Balance	$ 324,634

NOTE 5 CONTRIBUTIONS RECEIVABLE

The foundation's contributions receivable as of August 31, 2019 were $1,543,202. Two donors represent 83% of the balance. Contributions receivable include pledges that have been discounted at rates ranging from 3.0% to 4.7% at August 31, 2019. The following is a summary of the Foundation's contributions receivable at August 31, 2019:

Total Amounts Due in:	
Within One Year	$ 1,041,584
One to Five Years	520,000
Gross Contributions Receivable	1,561,584
Less Discount to Present Value	(18,382)
Contributions Receivable, Net	$ 1,543,202

NOTE 6 SPLIT INTEREST AGREEMENTS

Charitable Gift Annuity

A donor has contributed assets to the National Organization in exchange for a promise by the National Organization to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the term of the agreement, no trust exists, as the assets received are held by and the liability is an obligation of the National Organization. The National Organization records contribution revenue using the fair value of the assets less the present value of the payments expected to be made to the beneficiaries. Accordingly, revenue with donor restriction and related assets were recognized at fair value during the year ended August 31, 2019, when the Foundation received notice that the agreement conveyed unconditional rights to receive benefits. Subsequent changes in the value of the underlying assets are recorded in the accompanying statement of activities as a change in the value of the split-interest agreement.

The Foundation's beneficial interest under the split-interest agreement totaled $51,575 at August 31, 2019.

Beneficial Interest in Assets Held by Others

The Foundation is a named income beneficiary in a perpetual trust, the corpus of which is not controlled by the management of the Foundation. Under these arrangements, the Foundation has the irrevocable right to receive all or a portion of the income earned on the underlying assets held in perpetuity. Accordingly, donor restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation receives notice that the trust agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets have been recorded in the accompanying statement of activities as a component of donor restricted realized and unrealized gains and losses on investments. As of August 31, 2019, the Foundation had a beneficial interest in assets held by others in perpetual trust in the amount of $273,059.

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the year ended August 31, 2019, the Foundation received $1,143,446 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 $10,000 during the year ended August 31, 2019.

Conversely, the Foundation pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that National Organization pays on behalf of the Foundation and for services provided to the Foundation by the National Organization. Amounts totaling $537,919 were paid from the Foundation to the National Organization during the year ended August 31, 2019.

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 $3,450 for the year ended August 31, 2019 which is recorded in the accompanying statement of activities as other income.

Amounts due to and from related entities August 31, 2019 are as follows:

Balance at August 31, 2019		
Due from National Organization	$	73,334
Due from Other Chapters		11,717
Total Due from Related Entities	$	85,051
Due to Other Chapters	$	29,760

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 2019, the Foundation received contributions, both cash and in-kind, from board members totaling $641,551. In 2019, amounts due from board members totaled $22,800, and are included in contributions receivable in the accompanying statement of financial position.

NOTE 8 PROPERTY AND EQUIPMENT, NET

Property and equipment as of August 31, 2019 consists of the following:

Land	$ 459,200
Buildings and Building Improvements	2,943,768
Computer Equipment and Software	206,226
Office Furniture and Equipment	255,737
Subtotal	3,864,931
Less: Accumulated Depreciation and Amortization	(934,589)
Property and Equipment, Net	$ 2,930,342

Depreciation and amortization expense totaled $207,482 for the year ended August 31, 2019.

NOTE 9 LEASES

The Foundation is obligated under a capital lease for equipment that expires March 2022. As of August 31, 2019, the cost of leased equipment under the capital lease was $8,286, and accumulated depreciation was $4,005.

Future minimum lease payments under the capital lease having remaining terms in excess of one year is as follows:

Year Ending August 31,	Amount
2020	$ 2,016
2021	2,016
2022	1,176
Total Minimum Lease Payments	5,208
Less Amounts Representing Interest	(517)
Present Value of Net Minimum Lease Payments	$ 4,691

NOTE 10 NET ASSETS

Net Assets Without Donor Restrictions

Board-designated net assets consist of the following at August 31, 2019:

Building Reserves	$ 215,230

NOTE 10 NET ASSETS (CONTINUED)

Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods as of August 31, 2019:

Subject to Expenditure for Specified Purpose:	
Wish Granting	$ 320,484
Total	320,484
Subject to Passage of Time:	
Split-Interests Agreements	51,575
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	1,034,116
Total	1,085,691
Not Subject to Spending Policy or Appropriation:	
Beneficial Interest in Assets Held by Others	273,059
Total	273,059
Total Donor Restricted Net Assets	$ 1,679,234

NOTE 11 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of 1,000 hours of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 6% of the employee’s salary. Foundation contributions to the Plan for the year ended August 31, 2019 were $91,459.

NOTE 12 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash, cash equivalents, and investments. The Foundation places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the FDIC insurance coverage limit of $250,000. Throughout the year, the Foundation’s cash balances exceeded the amount of the FDIC insurance coverage.

In-kind contributions totaling $935,618 were received from a single donor for the year ended August 31, 2019 which represents 13% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 12 CONCENTRATIONS OF CREDIT RISK (CONTINUED)

Cash contributions totaling $1,225,000 were received from a single donor for the year ended August 31, 2019, which represents 18% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 13 LITIGATION AND CLAIMS

The Foundation is periodically involved in litigation and claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position, change in net assets, or liquidity.

NOTE 14 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal year ending August 31, 2019, the Foundation granted 406 wishes. As of the end of the year, there were approximately 560 wish children who are eligible for a wish. The average cost of a wish for the fiscal year was $6,348 in cash and $5,280 in in-kind for a total cost of $11,628.

NOTE 15 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 28, 2020, the date at which the financial statements were available to be issued.