

MAKE-A-WISH FOUNDATION® OF AMERICA
FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019



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**MAKE-A-WISH FOUNDATION® OF AMERICA
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YEAR ENDED AUGUST 31, 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of America
Phoenix, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of Make-A-Wish Foundation® of America, 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 Foundation'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 Foundation'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 America

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 America as of August 31, 2019, and 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 Matter – Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Make-A-Wish Foundation® of America 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*. Our opinion is not modified with respect to this matter.



CliftonLarsonAllen LLP

Phoenix, Arizona
February 5, 2020

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

ASSETS

Cash and Cash Equivalents	\$ 4,976,404
Investments	14,083,110
Due from Related Entities	504,479
Prepaid Expenses	2,685,958
Contributions Receivable, Net	8,840,861
Other Assets	917,610
Split-Interest Agreements	1,348,816
Investments Held for Long-Term Purposes	13,631,185
Property and Equipment, Net	<u>28,095,462</u>
 Total Assets	 <u>\$ 75,083,885</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 4,054,837
Due to Related Entities	6,407,578
Other Liabilities	1,403,691
Note Payable	<u>17,880,409</u>
Total Liabilities	29,746,515

NET ASSETS

Without Donor Restrictions	23,501,883
With Donor Restrictions	<u>21,835,487</u>
Total Net Assets	<u>45,337,370</u>

Total Liabilities and Net Assets	<u>\$ 75,083,885</u>
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See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 170,814,178	\$ 6,887,296	\$ 177,701,474
Grants	972,800	-	972,800
Total Public Support	<u>171,786,978</u>	<u>6,887,296</u>	<u>178,674,274</u>
Investment Income, Net	618,371	16,390	634,761
Chapter Assessments	12,102,342	-	12,102,342
Other Income	4,306,886	-	4,306,886
Net Assets Released from Restrictions	<u>8,286,230</u>	<u>(8,286,230)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	197,100,807	(1,382,544)	195,718,263
EXPENSES			
Program Services:			
Wish Granting	709,457	-	709,457
Program-Related Support	78,207,432	-	78,207,432
Training and Development	1,725,478	-	1,725,478
Public Information	<u>74,152,694</u>	<u>-</u>	<u>74,152,694</u>
Total Program Services	154,795,061	-	154,795,061
Support Services:			
Fundraising	24,269,596	-	24,269,596
Management and General	<u>15,431,948</u>	<u>-</u>	<u>15,431,948</u>
Total Support Services	39,701,544	-	39,701,544
Total Program and Support Services Expense	194,496,605	-	194,496,605
OTHER EXPENSE			
Change in Value of Split-Interest Agreements	-	34,698	34,698
Total Expenses and Losses	<u>194,496,605</u>	<u>34,698</u>	<u>194,531,303</u>
CHANGE IN NET ASSETS FROM OPERATIONS	2,604,202	(1,417,242)	1,186,960
NONOPERATING ACTIVITIES			
Building Campaign Contributions, Net	-	819,401	819,401
Building Campaign Expenditures	<u>(486)</u>	<u>-</u>	<u>(486)</u>
Change in Net Assets from Nonoperating Activities	<u>(486)</u>	<u>819,401</u>	<u>818,915</u>
CHANGE IN NET ASSETS	2,603,716	(597,841)	2,005,875
Net Assets - Beginning of Year	<u>20,898,167</u>	<u>22,433,328</u>	<u>43,331,495</u>
NET ASSETS - END OF YEAR	<u>\$ 23,501,883</u>	<u>\$ 21,835,487</u>	<u>\$ 45,337,370</u>

See accompanying Notes to Financial Statements.

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

	Program Services				Support Services			Building Campaign Costs	Total	
	Wish	Program	Training and	Public	Total	Management	Total			
	Granting	Related Support	Development	Information	Program Services	Fundraising and General	Support Services			
Distributions to Related Entities	\$ -	\$ 63,649,428	\$ -	\$ -	\$ 63,649,428	\$ -	\$ -	\$ -	\$ -	\$ 63,649,428
Salaries, Taxes, and Benefits	572,209	7,792,165	584,410	464,886	9,413,670	3,953,394	8,674,174	12,627,568	-	22,041,238
Printing, Subscriptions, and Publications	354	32,840	7,992	1,393,680	1,434,866	2,196,304	543,921	2,740,225	486	4,175,577
Professional Fees	17,794	4,353,088	276,173	408,927	5,055,982	5,130,127	2,502,078	7,632,205	-	12,688,187
Rent and Utilities	20,437	252,956	13,633	13,633	300,659	122,654	660,056	782,710	-	1,083,369
Postage and Delivery	1,474	37,133	1,755	906,773	947,135	1,291,748	343,905	1,635,653	-	2,582,788
Travel	59,623	287,718	60,275	31,020	438,636	194,294	334,550	528,844	-	967,480
Meetings and Conferences	2,233	39,245	755,864	1,023	798,365	67,402	191,826	259,228	-	1,057,593
Office Supplies	2,308	34,216	3,153	1,916	41,593	17,839	195,036	212,875	-	254,468
Communications	2,593	27,758	1,597	1,484	33,432	20,669	65,157	85,826	-	119,258
Advertising and Media (Cash)	-	700	-	8,647	9,347	128,931	11,336	140,267	-	149,614
Advertising and Media (In-Kind)	-	-	-	70,899,634	70,899,634	10,421,861	-	10,421,861	-	81,321,495
Repairs and Maintenance	210	2,580	147	147	3,084	11,753	3,404	15,157	-	18,241
Insurance	3,183	670,780	2,422	1,964	678,349	26,675	68,266	94,941	-	773,290
Bad Debt Expense	-	-	-	-	-	-	8,000	8,000	-	8,000
Membership Dues	-	65,088	-	-	65,088	18,005	14,834	32,839	-	97,927
Grants and Scholarships	-	366,087	-	-	366,087	-	3,000	3,000	-	369,087
Miscellaneous	583	7,235	419	1,322	9,559	509,199	129,953	639,152	-	648,711
Interest Expense	-	-	-	-	-	-	566,288	566,288	-	566,288
Depreciation and Amortization	26,456	588,415	17,638	17,638	650,147	158,741	1,116,164	1,274,905	-	1,925,052
Administrative Charges	-	-	-	-	-	-	121,385	121,385	-	121,385
Total	709,457	78,207,432	1,725,478	74,152,694	154,795,061	24,269,596	15,553,333	39,822,929	486	194,618,476
Less: Expenses Netted Against Revenues on the Statement of Activities:										
Administrative Charges	-	-	-	-	-	-	(121,385)	(121,385)	-	(121,385)
Less: Expenses Listed as Nonoperating on the Statement of Activities	-	-	-	-	-	-	-	-	(486)	(486)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 709,457	\$ 78,207,432	\$ 1,725,478	\$ 74,152,694	\$ 154,795,061	\$ 24,269,596	\$ 15,431,948	\$ 39,701,544	\$ -	\$ 194,496,605

See accompanying Notes to Financial Statements.

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

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 2,005,875
Adjustments to Reconcile Change in Net Assets to Net Cash	
Used by Operating Activities:	
Depreciation and Amortization	1,925,052
Bad Debt Expense and Other	8,000
Contributions Restricted for Long-Term Investment	(199,965)
Contributions Restricted for Investment in Property and Equipment	(819,401)
Net Realized and Unrealized Gains on Investments	(75,001)
Gain on Disposal of Property and Equipment	(157,418)
Contributed Property and Equipment	(42,198)
Change in Value of Split-Interest Agreements	34,698
Change in Discount to Present Value of Contributions Receivable	97,114
(Increase) Decrease in Assets:	
Contributions Receivable	(2,754,461)
Due from Related Entities	375,829
Prepaid Expenses	(1,437,101)
Other Assets	59,938
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	(519,398)
Due to Related Entities	(1,838,190)
Other Liabilities	2,176
Net Cash Used by Operating Activities	<u>(3,334,451)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(8,910,736)
Proceeds from Sales of Investments	17,218,382
Purchases of Property and Equipment	<u>(3,584,252)</u>
Net Cash Provided by Investing Activities	4,723,394

CASH FLOWS FROM FINANCING ACTIVITIES

Contributions Restricted for Long-Term Investment	1,056,656
Contributions Restricted for Investment in Property and Equipment	1,231,761
Payments on Note Payable	<u>(2,119,591)</u>
Net Cash Provided by Financing Activities	<u>168,826</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

1,557,769

Cash and Cash Equivalents - Beginning of Year

3,418,635

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 4,976,404

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash Paid for Interest Expense	<u>\$ 566,288</u>
Contributed Property and Equipment	<u>\$ 42,198</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF AMERICA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of America (the Foundation) is an Arizona nonprofit corporation, the mission of which is to grant the wishes of children with critical illnesses to enrich the human experience with hope, strength, and joy. The “Foundation’s Purpose” is to grant the wish of each child who has reached the age of 2-1/2 and is under the age of 18 and who has a critical illness (i.e. a progressive, degenerative or malignant medical condition) that has placed the child’s life in jeopardy. The Foundation charters local chapters throughout the United States, its territories and possessions (Chapters) and provides financial support, guidance, and other assistance to such Chapters in performing the Foundation’s Purpose. As of August 31, 2019, the Foundation had 60 active chartered Chapters.

Chapter Agreements entered into between each Chapter and the Foundation provide for common purposes and policy direction. The Chapter Agreement also provides the Foundation with a security interest in the assets of the Chapters. The Foundation has elected not to consolidate the Chapters’ financial results into the accompanying financial statements, except when the Foundation assumes control of a Chapter. As of and for the years ended August 31, 2019, the combined Chapters’ financial results (excluding the Foundation, the financial results of which are presented in the accompanying financial statements) were as follows:

	Dollars in Millions
Total Assets	\$ 345.9
Total Liabilities	27.4
Total Net Assets	318.5
Total Revenues	248.7
Total Expenses	240.5

No Chapters were under the Foundation’s control for the year ended August 31, 2019.

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 (GAAP) applicable to nonprofit entities.

Measure of Operations

The statement of activities for the Foundation includes in the definition of operations all resources and expenses that are an integral part of its program and supporting activities. Nonoperating activity consists of contributions that are restricted by donors for the purchase and improvement of an office building which will serve as the national headquarters of the Foundation and certain expenses related to the building fundraising campaign.

MAKE-A-WISH FOUNDATION® OF AMERICA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Certain investments are valued by using the net asset value (NAV) per share (or its equivalent), as a practical expedient.

Investments held for long-term purposes have been segregated due to donor-imposed restrictions that limit their use to long-term purposes.

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 of greater than \$1,000 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 39 years, with the exception of land, which is not depreciated. Leasehold improvements are amortized over the shorter of the estimated useful lives of the assets or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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.

MAKE-A-WISH FOUNDATION® OF AMERICA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Foundation uses NAV per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate fair values of hedge funds, which do not have readily determinable fair values.

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.

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 restriction when the assets are placed in service.

MAKE-A-WISH FOUNDATION® OF AMERICA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions (Continued) – 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.

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

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Wish Related	\$ 14,886,437	\$ -	\$ -	\$ 14,886,437
Professional Services	-	-	221,007	221,007
Advertising and Media	70,899,634	10,421,861	-	81,321,495
Other	9,752	388	67	10,207
Total Program and Supported Service Expenses	<u>\$ 85,795,823</u>	<u>\$ 10,422,249</u>	<u>\$ 221,074</u>	96,439,146
Investments (Asset)				310,529
Property and Equipment (Capitalized)				42,198
In-Kind Receivable (Asset)				24,664
Total				<u>\$ 96,816,537</u>

MAKE-A-WISH FOUNDATION® OF AMERICA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Advertising and media are used to help the Foundation communicate its message or mission and includes fundraising 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 when received and fundraising or public information, if allocated as a joint cost, 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.

Wish related in-kind contributions consisted of the following:

Computer Equipment, Games, and Toys	\$ 210,739
Cruises	860,932
Lodging	3,976,930
Theme Parks	1,652,581
Transportation	7,343,492
Other Wish-Related Donations	841,763
Total	<u>\$ 14,886,437</u>

Rental income from tenants who lease space in the Foundation's headquarters building is recognized on a straight-line basis over the term of each lease agreement.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Arizona taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and Arizona Revised Statutes § 43-1201(4). 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 jurisdiction and Arizona jurisdiction.

Functional Expenses

The Foundation performs six functions: wish granting, program-related support, training and development, public information, 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.

MAKE-A-WISH FOUNDATION® OF AMERICA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

Program-Related Support

Activities performed by the Foundation that promote Chapter development, monitor and direct Chapters, assist Chapters in complying with policies and guidelines, provide support for day-to-day Chapter management decisions, develop wish resources, administer wish programs, handle wish referrals and provide wish assistance for Chapters and wish placement.

Training and Development

Activities performed by the Foundation consisting of national conference workshops and e-learning 'best practices' classes prepared and conducted by the Foundation for the training, development and implementation of the wish programs of the Foundation, including but not limited to, the identification of wish candidates and the determination and delivery of the wish.

Public Information

Activities performed by the Foundation in communicating the purpose and services of the Foundation to all potential sources for wish referrals.

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 incurred joint costs for activities that include fundraising appeals (primarily direct mail campaigns and newsletters), which have been allocated as follows:

Fundraising	\$ 3,437,155
Public Information	2,501,170
Management and General	<u>901,029</u>
Total	<u><u>\$ 6,839,354</u></u>

Management and General

All costs not identifiable with a specific program or fundraising activity, 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.

MAKE-A-WISH FOUNDATION® OF AMERICA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$87,098 at August 31, 2019, and is included in other liabilities in the statement of financial position.

Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, valuation of investments, split-interest agreements and contributions receivable, in-kinds, and whether an allowance for uncollectible contributions receivable is required.

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. As a result of this change in accounting principle, net assets without restriction as of September 1, 2018 have increased by \$1,536.

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 to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

Total Financial Assets	\$ 43,384,855
Donor-Imposed Restrictions:	
Restricted Funds	(9,165,018)
Endowments	<u>(12,670,469)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 21,549,368</u>

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

MAKE-A-WISH FOUNDATION® OF AMERICA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

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.

Investments

Overall Investment Objective

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Foundation diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the board's audit and finance committee, which oversees the Foundation's investment program in accordance with established guidelines.

Allocation of Investment Strategies

In addition to traditional stock and fixed income securities, the Foundation may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity, and real asset strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stock, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly. Private equity funds employ buy-out and venture capital strategies and focus on investments in turn-around situations.

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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments (Continued)

Allocation of Investment Strategies (Continued)

Private equity and real estate asset strategies therefore often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Foundation's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.

Fair Value Hierarchy

The following table presents the fair value hierarchy of assets that are measured at fair value on a recurring basis, except those measured at cost or by NAV per share as a practical expedient as identified in the following at August 31, 2019:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV	Total
Investments:					
Mutual Funds	\$ 6,206,601	\$ -	\$ -	\$ -	\$ 6,206,601
Exchange-Traded Funds	595,393	-	-	-	595,393
Equity Securities	374,268	-	-	-	374,268
Debt Securities	1,994,285	2,778,839	-	-	4,773,124
Alternative Investments	734,201	-	-	1,123,671	1,857,872
Cash and Cash Equivalents	-	-	-	-	275,852
Total Investments	9,904,748	2,778,839	-	1,123,671	14,083,110
Investments Held for Split-Interest Agreements:					
Mutual Funds	1,217,898	-	-	-	1,217,898
Alternative Investments	89,588	-	-	-	89,588
Cash and Cash Equivalents	-	-	-	-	41,330
Total Investments Held for Split-Interest Agreements	1,307,486	-	-	-	1,348,816
Investments Held for Long-Term Purposes:					
Mutual Funds	12,621,908	-	-	-	12,621,908
Alternative Investments	933,510	-	-	23,997	957,507
Cash and Cash Equivalents	-	-	-	-	51,770
Total Investments Held for Long-Term Purposes	13,555,418	-	-	23,997	13,631,185
Total Investments	\$ 24,767,652	\$ 2,778,839	\$ -	\$ 1,147,668	\$ 29,063,111

MAKE-A-WISH FOUNDATION® OF AMERICA
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

For the valuation of investments, investments held for split-interest agreements and investments held for long-term purposes at August 31, 2019, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at August 31, 2019:

<u>Type of Investments</u>	<u>Fair Value at August 31, 2019</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge Funds:			
Investments	<u>\$ 1,147,668</u>	Quarterly	45 Days

There are no unfunded commitments at August 31, 2019.

Investment liquidity as of August 31, 2019 is aggregated below based on redemption or sale period.

	<u>Investment Values</u>
Investment Redemption or Sale Period:	
Daily	\$ 27,915,443
Quarterly	1,147,668
Total	<u>\$ 29,063,111</u>

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from 2.2% to 6.5% during August 31, 2019. The following is a summary of the Foundation's contributions receivable at August 31, 2019:

Total Amounts Due in:	
One Year	\$ 6,777,308
Two to Five Years	2,085,537
More than Five Years	580,000
Gross Contributions Receivable	<u>9,442,845</u>
Less: Allowance for Doubtful Accounts	-
Less: Discount to Present Value	(601,984)
Contributions Receivable, Net	<u>\$ 8,840,861</u>

MAKE-A-WISH FOUNDATION® OF AMERICA
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NOTE 6 SPLIT-INTEREST AGREEMENTS

Charitable Gift Annuities

Donors have contributed assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the terms of such agreements, no trust exists, as the assets received are held by and the liability is a general obligation of the Foundation. The Foundation records contribution revenue using the fair value of the assets less the present value of the payments expected to be made to the beneficiaries. The present value of payments to beneficiaries under these arrangements is calculated using present value techniques. The discount rates used for the year ended August 31, 2019 ranged from 1.2% to 6.2%. The charitable gift annuities account also includes assets from contributions and income totaling \$46,174 at August 31, 2019 for legally mandated reserves.

Liabilities to beneficiaries under charitable gift annuities totaled \$487,025 at August 31, 2019 and are included in other liabilities in the accompanying statement of financial position.

Liabilities to chapters who are designated as remainder beneficiaries under charitable gift annuities totaled \$706,969 at August 31, 2019 and are included in due to related entities in the accompanying statement of financial position.

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES

Chapters pay annual dues to the Foundation, which were \$12,102,342 for the year ended August 31, 2019. The Foundation supports the Chapters by providing funding and other support for the granting of wishes.

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and, as determined by the Foundation, are shared with the Chapters. 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 provided the Chapters with contributions which were \$46,852,664 from these national revenue streams.

As part of the Foundation's Wishes Forever Campaign, donors may designate chapters to receive periodic distributions, if and when such distributions are approved by the Foundation. Distributions are limited to income earned by the underlying assets which are held in perpetuity by the Foundation. Under this program, the Foundation provided the Chapters with contributions which were \$413,940 for the year ended August 31, 2019.

MAKE-A-WISH FOUNDATION® OF AMERICA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

The Foundation conducts national fundraising efforts for which in-kind donations are received and shared with the Chapters. Donations received as a result of these efforts are reported in the statement of activities as in-kind contributions without donor restrictions and reported as Distributions to Related Entities, or expenses of the Foundation, in the statement of functional expenses. Under this program, the Foundation provided the Chapters with contributions which were \$14,900,074 for the year ended August 31, 2019.

As part of the Foundation's Wish Fulfillment Fund (a designated fund), Chapters may apply for funds that have been donated by corporate sponsors or other Chapters to underwrite the cost of wishes. Under this program, the Foundation provided 12 Chapters with contributions, totaling \$1,482,650 during the year ended August 31, 2019, which are reported in the statement of functional expenses as Distributions to Related Entities.

As part of the Foundation's grant and scholarship programs, Chapters may apply for funds to supplement existing programs to attend Foundation sponsored events. Under these programs, the Foundation provided 50 Chapters with contributions, totaling \$369,087 during the year ended August 31, 2019 which are reported in the statement of functional expenses as Grants and Scholarships.

As of August 31, 2019, the Foundation had amounts due from related entities of \$504,479 and amounts due to related entities of \$6,407,578.

Amounts due from Related Entities represent annual chapter dues, Wish Fulfillment Fund contributions, and unreimbursed costs for joint administrative activities that have not been paid to the Foundation as of year-end. Amounts due to Related Entities represent contributions remitted to the Foundation that are specified for Chapters' use but were not yet transferred to the Chapters as of year-end or interests in Charitable Gift Annuities or Endowments for which Chapters are the beneficiary.

During 2019, the Foundation received contributions, both cash and in-kind, from employees and board members totaling \$53,691. As of August 31, 2019, amounts due from employees and board members totaled \$872,827 and are included in contributions receivable in the accompanying statement of financial position. Amounts due to employees totaled \$5,832 as of August 31, 2019, and are included in accounts payable in the accompanying statement of financial position.

MAKE-A-WISH FOUNDATION® OF AMERICA
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 PROPERTY AND EQUIPMENT, NET

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

Land	\$ 2,000,000
Building and Building Improvements	22,510,619
Computer Equipment and Software	5,737,810
Website and Website Templates	2,666,356
Office Furniture	161,877
Other Equipment	211,435
Leasehold Improvements	215,684
Total	<u>33,503,781</u>
Less: Accumulated Depreciation and Amortization	<u>(5,408,319)</u>
Property and Equipment, Net	<u><u>\$ 28,095,462</u></u>

Depreciation and amortization expense totaled \$1,925,052 for the year ended August 31, 2019.

NOTE 9 CREDIT AGREEMENT

The Foundation sponsors a corporate travel card account program (the Card Program) with a financial institution for the use of the Foundation and its Chapters. In the event of default by the sponsored account holder, the Foundation has the primary and continuing obligation of payment. The total credit limit under this credit agreement is \$15,000,000, while \$6,794,139 was outstanding on this credit agreement as of August 31, 2019. The outstanding balances on this credit agreement are recorded on the respective Chapters' financial statements.

NOTE 10 NOTE PAYABLE

The Foundation has a term loan (the Loan) which was used to purchase and renovate its national headquarters. Interest on the loan is paid monthly and accrues at a rate per year equal to the LIBOR Daily Floating Rate plus 0.78% (2.89% on August 31, 2019). The Loan principal and any outstanding interest must be repaid no later than November 30, 2022. The Loan requires the Foundation to comply with certain financial and nonfinancial covenants. As of August 31, 2019, outstanding balance on the loan were \$17,880,409. Total interest for the loan was \$566,288 for the year ended August 31, 2019.

MAKE-A-WISH FOUNDATION® OF AMERICA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 10 NOTE PAYABLE (CONTINUED)

Subsequent to year-end, the Foundation refinanced their building loan. The new financial instrument is made up of a Tax-exempt private placement bond issuance in the amount of \$11.4M and a note payable of \$6.4M. The Series 2019 Bonds will bear interest at 0.8% of the LIBOR Index Rate plus a margin of 0.9% and will mature on October 1, 2046. The note payable will bear interest at LIBOR rate plus a margin of 0.9% with interest only until June 1, 2022.

Future principal maturities (as refinanced) are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2020	\$ 48,060
2021	-
2022	260,000
2023	535,000
2024	550,000
Thereafter	16,487,349
Total	<u>\$ 17,880,409</u>

NOTE 11 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through August 31, 2024. Total rent expense for all operating leases, for the year ended August 31, 2019, totaled \$18,061.

Future minimum lease payments under operating leases having remaining terms in excess of one year are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2020	\$ 15,288
2021	14,178
2022	14,178
2023	14,178
2024	14,178
Total Minimum Lease Payments	<u>\$ 72,000</u>

The Foundation leases space in its headquarters building to unrelated parties under noncancelable operating leases that expire at various dates through November 2024. Revenue from the leased space for the year ended August 31, 2019 totaled \$803,464.

MAKE-A-WISH FOUNDATION® OF AMERICA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 11 LEASES (CONTINUED)

Future minimum payments to the Foundation under the leases of space in its headquarters building are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2020	\$ 656,093
2021	594,350
2022	351,393
2023	235,498
2024	235,057
Thereafter	70,489
Total	<u>\$ 2,142,880</u>

NOTE 12 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:	
Program and Mission Advancement	\$ 617,887
Building Campaign	1,182,269
Wish Granting and Chapter Support	1,400,046
Total	<u>3,200,202</u>
Subject to Passage of Time:	
Split-Interest Agreements	154,822
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	5,809,994
Total	<u>5,964,816</u>
Endowments:	
Subject to Endowment Spending Policy and Appropriation:	
Earnings on Endowment Funds	\$ 2,342,138
Original Donor-Restricted Gift Amounts to be Maintained in Perpetuity	9,200,856
Promises to Give Restricted to Endowment	440,687
Cash Restricted to Endowment	686,788
Total Endowments	<u>12,670,469</u>
Total Donor-Restricted Net Assets	<u>\$ 21,835,487</u>

MAKE-A-WISH FOUNDATION® OF AMERICA
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 ENDOWMENTS

The Foundation is subject to the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and is required to make disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation's endowment consists of two general endowments and a group of funds established for the purpose of granting children's wishes, which together total 52 individual donor-restricted funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets are reflected as investments held for long-term purposes on the statements of financial position.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Arizona UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor-restricted net assets: (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulated earnings on the donor-restricted endowment funds. The accumulated earnings on the endowment funds remain treated as donor-restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Endowment net asset composition by type of fund as of August 31, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ -	\$ -	\$ -
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	10,328,331	10,328,331
Accumulated Investment Gains	-	2,342,138	2,342,138
Total Funds	<u>\$ -</u>	<u>\$ 12,670,469</u>	<u>\$ 12,670,469</u>

MAKE-A-WISH FOUNDATION® OF AMERICA
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended August 31, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ -	\$ 12,860,523	\$ 12,860,523
Investment Return, Net	-	16,390	16,390
Contributions	-	1,056,656	1,056,656
Appropriation of Endowment Asset for Expenditure	-	(407,833)	(407,833)
Other Changes:			
Release of Restrictions	-	(855,267)	(855,267)
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 12,670,469</u>	<u>\$ 12,670,469</u>

Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature were \$16,817 as of August 31, 2019. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new donor-restricted contributions and continued appropriation for certain programs that was deemed prudent by the board of directors.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor specified purpose. Under the investment policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to generate a level of current income (interest and dividends) consistent with the overriding investment goal of the Fund while avoiding excessive risk. The Foundation expects its endowment funds, over time, to achieve a total return in excess of the rate of inflation plus cash flow needs over the investment horizon in order to preserve purchasing power of Fund assets. The overriding investment goal of the Fund is to conserve and enhance the capital value of the Fund in real terms, through asset appreciation and income generation. Actual returns in any given year may vary from this goal.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

MAKE-A-WISH FOUNDATION® OF AMERICA
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NOTE 13 ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year between 3% and 5% of its endowment fund's average fair value over the prior three years through the calendar year-end preceding the fiscal year in which the distribution is planned. However, if the market value of 'Named' and 'Legacy' funds, as defined in the Endowment Policy are less than the Fund's threshold level, the distribution will be less than the Targeted Distribution, as defined in the Endowment Policy. If the market value of 'Named' and 'Legacy' endowment funds, are less than the Fund's corpus but more than the threshold level, the distribution will be limited to the lower of its Targeted Distribution or Realized Increase, as defined in the Endowment Policy. The Endowment Policy also entitles the Foundation to receive, from each Fund, a reasonable percentage, not to exceed 3% of the Fund's market value, for administering the Fund. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 2% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

NOTE 14 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan if they have reached 21 years of age and are employed upon the applicable entry date. 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 100% of employee contributions up to 5% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2019 were \$567,390.

NOTE 15 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 Federal Deposit Insurance Corporation (FDIC) insurance coverage limit of \$250,000. From time to time throughout the year, the Foundation's cash balances may exceed the amount of the FDIC insurance coverage.

Contributions totaling \$10,051,725 were received from a single donor for the year ended August 31, 2019, which represent 5.6% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

MAKE-A-WISH FOUNDATION® OF AMERICA
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NOTE 16 LITIGATION AND CLAIMS

The Foundation is periodically involved in litigation and claims arising in the ordinary course of business. In the opinion of management, based on consultation with legal counsel, possible losses, if any, are immaterial to the Foundation's financial position, change in net assets, or liquidity, consequently, no provision has been made in the accompanying financial statements for losses, if any, which might result from the ultimate outcome of such matters.

NOTE 17 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through February 5, 2020, the date at which the financial statements were available to be issued.

