MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2019

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
TABLE OF CONTENTS
YEAR ENDED AUGUST 31, 2019

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Metro New York and Western New York, Inc.
New York, New York

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Metro New York and Western New York, Inc. 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 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 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 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 controls 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 controls. 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 Metro New York and Western New York, Inc.

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 Metro New York and Western New York, Inc. as of August 31, 2019 and change in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Principle and Change in Accounting Policy

As discussed in Note 2 to the financial statements, the Make-A-Wish Foundation® of Metro New York and Western New York, Inc. 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 Statement of Not-for-Profit Entities.* Make-A-Wish Foundation® of Metro New York and Western New York, Inc. also changed an accounting policy resulting in 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

Plymouth Meeting, Pennsylvania
January 14, 2020

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019

ASSETS	
Cash and Cash Equivalents	$ 506,544
Investments	2,379,153
Due from Related Entities	380,728
Prepaid Expenses	202,866
Contributions Receivable, Net	6,719,477
Other Assets	8,008
Restricted Cash	209,737
Investments Held for Long-Term Purposes	9,285,157
Property and Equipment, Net	506,718
Total Assets	$ 20,198,388
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts Payable and Accrued Expenses	$ 1,092,495
Due to Related Entities	46,665
Other Liabilities	174,667
Deferred Rent	196,420
Total Liabilities	1,510,247
NET ASSETS	
Without Donor Restrictions	7,609,902
With Donor Restrictions	11,078,239
Total Net Assets	18,688,141
Total Liabilities and Net Assets	$ 20,198,388

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	$ 9,474,997	$ 3,557,806	$ 13,032,803
Grants	176,476	-	176,476
Total Public Support	9,651,473	3,557,806	13,209,279
Internal Special Events	2,991,631	-	2,991,631
Less Costs of Direct Benefits to Donors	(731,983)	-	(731,983)
Total Internal Special Events	2,259,648	-	2,259,648
Investment Income, Net	188,896	174,120	363,016
Other Income	109,700	-	109,700
Net Assets Released from Restrictions	1,031,780	(1,031,780)	-
Total Revenues, Gains, and Other Support	13,241,497	2,700,146	15,941,643
EXPENSES			
Program Services:			
Wish Granting	9,166,558	-	9,166,558
Program-Related Support	794,120	-	794,120
Training and Development	341,562	-	341,562
Public Information	228,275	-	228,275
Total Program Services	10,530,515	-	10,530,515
Support Services:			
Fundraising	2,558,445	-	2,558,445
Management and General	1,947,086	-	1,947,086
Total Support Services	4,505,531	-	4,505,531
Total Expenses	15,036,046	-	15,036,046
CHANGE IN NET ASSETS	(1,794,549)	2,700,146	905,597
Net Assets - Beginning - Before Change in Accounting Policy	2,590,048	8,378,093	10,968,141
Change in Accounting Policy	6,814,403	-	6,814,403
Net Assets - Beginning of Year - As Adjusted	9,404,451	8,378,093	17,782,544
NET ASSETS - END OF YEAR	$ 7,609,902	$ 11,078,239	$ 18,688,141

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2019

	Program Services					Support Services				
	Wish Granting	Program-Related Support	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	$ 7,252,989	$ -	$ -	$ -	$ 7,252,989	$ -	$ -	$ -	$ -	$ 7,252,989
Salaries, Taxes, and Benefits	1,125,633	605,811	208,386	147,207	2,087,037	1,531,902	1,431,720	2,963,622	-	5,050,659
Printing, Subscriptions, and Publications	4,278	2,358	-	7,423	14,059	13,638	19,117	32,755	-	46,814
Professional Fees	12,538	8,575	16,436	11,363	48,912	45,255	52,573	97,828	-	146,740
Rent and Utilities	178,931	57,289	54,440	33,478	324,138	115,381	64,012	179,393	-	503,531
Postage and Delivery	26,714	8,316	-	698	35,728	9,171	5,151	14,322	-	50,050
Travel	9,793	630	3,449	7,237	21,109	29,842	29,328	59,170	-	80,279
Meetings and Conferences	4,528	25	32,223	3,004	39,780	78,797	13,454	92,251	-	132,031
Office Supplies	1,935	8,653	79	4,730	15,397	6,504	18,339	24,843	-	40,240
Communications	12,166	22,918	3,202	3,401	41,687	13,557	13,271	26,828	-	68,515
Repairs and Maintenance	7,822	48,170	2,302	1,293	59,587	21,106	20,961	42,067	-	101,654
Insurance	5,096	16,003	-	-	21,099	6,474	7,328	13,802	-	34,901
Bad Debt Expense	-	-	-	-	-	597,016	-	597,016	-	597,016
Membership Dues	375	-	-	225	600	1,801	9,904	11,705	-	12,305
Grants and Scholarships	50,000	-	-	-	50,000	-	-	-	-	50,000
Volunteer Training	-	-	4,477	-	4,477	-	15,575	15,575	-	20,052
National Partnership Dues	450,632	-	-	-	450,632	60,740	57,042	117,782	-	568,414
Miscellaneous	5,308	2,559	5,160	913	13,940	2,770	125,748	128,518	-	142,458
Depreciation	17,820	12,813	11,408	7,303	49,344	24,491	63,563	88,054	-	137,398
Special Event - Direct Donor Benefits	-	-	-	-	-	-	-	-	731,983	731,983
	9,166,558	794,120	341,562	228,275	10,530,515	2,558,445	1,947,086	4,505,531	731,983	15,768,029
Less Expenses Netted Against Revenues on the Statement of Activities:										
Special Event Expenses	-	-	-	-	-	-	-	-	(731,983)	(731,983)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 9,166,558	$ 794,120	$ 341,562	$ 228,275	$ 10,530,515	2,558,445	$ 1,947,086	$ 4,505,531	$ -	$ 15,036,046

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF METRO NEW YORK AND WESTERN NEW YORK, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 905,597
Adjustments to reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation	137,398
Amortization of Deferred Lease Incentive	25,513
Bad Debt Expense	597,016
Contributions Restricted for Long-Term Investment	(225)
Net Realized and Unrealized Gains on Investments	(132,169)
Change in Discount to Present Value of Contributions Receivable	(6,832)
(Increase) Decrease in Assets:	
Contributions Receivable	(2,980,374)
Due from Related Entities	(79,630)
Prepaid Expenses	(77,274)
Other Assets	28,703
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	178,073
Due to Related Entities	(45,014)
Other Liabilities	(79,793)
Deferred Rent	(8,169)
Net Cash Used by Operating Activities	(1,537,180)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(4,612,229)
Proceeds from Sales of Investments	6,973,523
Purchases of Property and Equipment	(25,446)
Change in Restricted Cash	(1,603)
Net Cash Provided by Investing Activities	2,334,245
CASH FLOWS FROM FINANCING ACTIVITIES	
Contributions Restricted for Long-Term Investment	225
Net Cash Provided by Financing Activities	225
NET INCREASE IN CASH AND CASH EQUIVALENTS	797,290
Cash Overdraft - Beginning of Year	(290,746)
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 506,544

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Metro New York and Western New York, Inc. (the Foundation) is a New York 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 (National Organization), which operates to develop and implement national programs in public relations and fundraising for the benefit of all local chapters. To be a Make-A-Wish chapter, 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.

Restricted Cash

The Foundation is required by its landlord to maintain a secured letter of credit throughout the term of the lease for office space. This amount is classified as restricted cash on the statement of financial position.

Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in without donor restricted net assets 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost of 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 3 to 40 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset 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.

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).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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

The Foundation's 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 board-designated endowment.

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. 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 contribution 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:

	Programs	Fundraising	Management and General	Total
Wish Related	$ 1,537,504	$ -	$ -	$ 1,537,504
Professional Services	10,245	-	-	10,245
Other	27,748	1,532	2,000	31,280
	$ 1,575,497	$ 1,532	$ 2,000	1,579,029
Special Events				232,121
Total				$ 1,811,150

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.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and New York state taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 7A and the EPTL Section 8-13.4 of the New York State Department of Law Charities Bureau. 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 applicable state jurisdictions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Program-Related Support

Activities performed by the Foundation related to the wish program including the identification of wish candidates and the determination and delivery of each wish. Specific activities include, but are not limited to, the development of wish resources, handling of wish referrals, and administration of the wish program.

Training and Development

Activities performed by the Foundation include, but are not limited to, implementing programs that support 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 of wish referrals.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations.

Management and General

All costs not identifiable with a 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Liabilities

Other liabilities consists of $138,197 of deferred lease incentive. This represents the unamortized portion of leasehold improvements that were contributed to the Foundation by its landlord during the year ending August 31, 2019. The corresponding leasehold improvement assets are recorded in property and equipment on the accompanying statement of financial position.

The remaining balance of $36,470 in consists of deferred fees received in advance of fundraising events occurring in the fiscal year ending August 31, 2019.

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 $196,420 at August 31, 2019.

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 Statement 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.

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 restriction as of September 1, 2018 have increased by $6,814,403.

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	$ 19,271,059
Donor Imposed Restrictions:	
Restricted Funds	(5,762,650)
Endowments	(5,315,589)
Net Financial Assets after Donor-Imposed Restrictions	8,192,820
Internal Designations:	
Board Designated Endowments	(3,971,404)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 4,221,416

Our endowment funds consist of donor-restricted endowments and funds designated by the board as 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.

Our board-designated endowment is subject to an annual spending rate of 5% as noted in Footnote 9. Although we do not intend to spend from this board designated endowment (other than amounts appropriated for general expenditure as part of our board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, CDs, and money market funds. Occasionally, the board designates a portion of any operating surplus to its operating reserve, which was $2,378,928 as of 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 [or the board of directors, or Investment Committee, as appropriate], which oversees the Foundation's investment program in accordance with established guidelines.

Allocation of Investment Strategies

In addition to traditional stocks 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 stocks, 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. Real estate funds generally hold interests in public real estate investment trusts (REITS) or commercial real estate through sole-member entities. Private equity and real asset strategies therefore often require the estimation of fair values by the fund managers in the absence of readily determinable market values.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments (Continued)

Allocation of Investment Strategies (Continued)

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 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
Assets					
Investments:					
Mutual Funds	$ 7,767,775	$ -	$ -	$ -	$ 7,767,775
Debt Securities	-	3,843,848	-	-	3,843,848
Cash	-	-	-	-	52,687
Total Recurring	7,767,775	3,843,848	-	-	11,664,310
Total Assets	$ 7,767,775	$ 3,843,848	$ -	$ -	$ 11,664,310

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from 2.3% to 11.5% 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	$ 3,046,450
One to Five Years	4,212,371
Gross Contributions Receivable	7,258,821
Less Allowance for Doubtful Accounts	(349,431)
Less Discount to Present Value	(189,913)
Contributions Receivable, Net	$ 6,719,477

NOTE 6 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 $2,334,384 from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling $568,414 were paid from the Foundation to the National Organization during the years ended August 31, 2019.

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 contributed $50,000 during the year 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 $109,700 for the year ended August 31, 2019, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

Due from National Organization	$	178,921
Due from Other Chapters		201,807
Total Due from Related Entities	$	380,728
Due to Other Chapters	$	46,665
Total Due to Related Entities	$	46,665

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 $441,774. In 2019, amounts due from board members totaled $1,598,277, and are included in contributions receivable in the accompanying statement of financial position.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

Computer Equipment and Software	$	126,809
Office Furniture		141,285
Other Equipment		46,748
Leasehold Improvements		412,869
Total		727,711
Less: Accumulated Depreciation		(220,993)
Property and Equipment, Net	$	506,718

Depreciation expense totaled $137,398 for the year ended August 31, 2019.

NOTE 8 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through August 31, 2025. Total rent expense for all operating leases, including the deferred rent recognized, for the year ended August 31, 2019 totaled $476,294.

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

Year Ending August 31,		Operating Leases
2020	$	522,106
2021		531,106
2022		521,444
2023		460,934
2024		457,898
Thereafter		194,607
Total	$	2,688,095

NOTE 9 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 63 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets, both donor-restricted and board-designated, are reflected as investments held for long-term purposes on the statement of financial position.

NOTE 9 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the New York state 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 fund composition by type of fund as of August 31, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	$ -	$ 5,315,589	$ 5,315,589
Board-Designated Endowment Funds	3,971,404	-	3,971,404
Total Funds	$ 3,971,404	$ -	$ 9,286,993

Changes in endowment funds for the years ended August 31 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	$ 4,166,481	$ 5,141,244	$ 9,307,725
Investment Return:			
Investment Income	105,730	100,208	205,938
Net Appreciation (Realized and Unrealized)	50,080	73,912	123,992
Total Investment Return	155,810	174,120	329,930
Contributions	75,269	225	75,494
Appropriation of Endowment Asset for Expenditure	(426,156)	-	(426,156)
Endowment Funds - End of Year	$ 3,971,404	$ 5,315,589	$ 9,286,993

NOTE 9 ENDOWMENTS (CONTINUED)

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. There are no fund deficiencies as of August 31, 2019.

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 funds 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 periods as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

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.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. 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 6% 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 10 NET ASSETS

Net Assets Without Donor Restrictions

Board-designated net assets totaled $3,971,404 at August 31, 2019.

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	$ 265,392
Total	265,392
Subject to Passage of Time:	
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	5,498,508
Total	5,498,508
Endowments:	
Subject to Endowment Spending Policy and Appropriation:	
Earnings on Endowment Funds	1,738,690
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:	3,575,649
Total	5,314,339
Total Donor Restricted Net Assets	$ 11,078,239

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 one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code limitations. The Foundation matches employee contributions up to 4% of the employee’s salary. Foundation contributions to the Plan for the year ended August 31, 2019 were $84,999.

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. From time to time throughout the year, the Foundation's cash balances may exceed the amount of the FDIC insurance coverage.

A contribution totaling $5,000,000 was made by a single donor for the year ended August 31, 2019, which represents approximately 38% of total public support. In-kind contributions totaling $2,087,033 were received from a single donor for the year ended August 31, 2019, which represents approximately 16% 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. The Foundation granted its first wish in 1983 and has granted a total of 14,241 wishes through August 31, 2019. During the fiscal year ending August 31, 2019, the Foundation granted 670 wishes. As of the end of the year, there were approximately 1,140 wish children who are eligible for a wish. The average cost of a wish for the fiscal year was $7,105 in cash and $4,218 in in-kind for a total cost of $11,323.

NOTE 15 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 14, 2020, the date at which the financial statements were available to be issued.