MAKE-A-WISH FOUNDATION® OF ILLINOIS

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2019

MAKE-A-WISH FOUNDATION® OF ILLINOIS
TABLE OF CONTENTS
YEAR ENDED AUGUST 31, 2019

INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Illinois
Chicago, Illinois

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Illinois 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.

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 Illinois 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.

Emphasis of Matters

As discussed in Note 2 to the financial statements, the Make-A-Wish Foundation® of Illinois adopted a new accounting principle during the year ended August 31, 2019: Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities.* Make-A-Wish Foundation® of Illinois also changed an accounting policy during the year ended August 31, 2019: 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

Oak Brook, Illinois
December 12, 2019

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

ASSETS

Cash and Cash Equivalents	$ 672,756
Investments	5,090,258
Due from Related Entities	321,450
Prepaid Expenses	518,166
Contributions Receivable, Net	1,686,132
Other Assets	65,714
Investments Held for Long-Term Purposes	4,115,499
Property and Equipment, Net	118,677
Total Assets	$ 12,588,652

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts Payable and Accrued Expenses	$ 1,035,553
Due to Related Entities	122,711
Other Liabilities	8,850
Deferred Rent	199,546
Capital Lease Obligations	23,313
Total Liabilities	1,389,973
NET ASSETS	
Without Donor Restrictions	5,397,050
With Donor Restrictions	5,801,629
Total Net Assets	11,198,679
Total Liabilities and Net Assets	$ 12,588,652

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	$ 8,826,141	$ 1,259,055	$ 10,085,196
Grants	316,152	190,000	506,152
Total Public Support	9,142,293	1,449,055	10,591,348
Internal Special Events	3,405,861	108,095	3,513,956
Less: Costs of Direct Benefits to Donors	(842,773)	-	(842,773)
Total Internal Special Events	2,563,088	108,095	2,671,183
Investment Income (Loss), Net	8,283	130,475	138,758
Other Income	56,971	-	56,971
Net Assets Released from Restrictions	1,907,565	(1,907,565)	-
Total Revenues, Gains, and Other Support	13,678,200	(219,940)	13,458,260
EXPENSES			
Program Services:			
Wish Granting	11,188,322	-	11,188,322
Total Program Services	11,188,322	-	11,188,322
Support Services:			
Fundraising	1,934,302	-	1,934,302
Management and General	1,388,239	-	1,388,239
Total Support Services	3,322,541	-	3,322,541
Total Expenses	14,510,863	-	14,510,863
OTHER LOSSES			
Loss on Disposition of Equipment	3,846	-	3,846
CHANGE IN NET ASSETS	(836,509)	(219,940)	(1,056,449)
Net Assets - Beginning - Before Change in Accounting Principle	1,218,946	6,021,569	7,240,515
Change in Accounting Principle	5,014,613	-	5,014,613
Net Assets - Beginning of Year - As Adjusted	6,233,559	6,021,569	12,255,128
NET ASSETS - END OF YEAR	$ 5,397,050	$ 5,801,629	$ 11,198,679

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services				
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	$ 8,499,268	$ -	$ -	$ -	$ -	$ 8,499,268
Salaries, Taxes, and Benefits	1,680,429	1,467,824	1,211,438	2,679,262	-	4,359,691
Printing, Subscriptions, and Publications	19,904	32,887	3,882	36,769	-	56,673
Professional Fees	142,141	44,486	9,529	54,015	-	196,156
Rent and Utilities	165,431	88,659	68,201	156,860	-	322,291
Postage and Delivery	33,661	20,462	1,020	21,482	-	55,143
Travel	24,804	23,803	1,516	25,319	-	50,123
Meetings and Conferences	82,943	44,787	3,522	48,309	-	131,252
Office Supplies	9,752	13,540	4,422	17,962	-	27,714
Communications	18,323	6,839	4,238	11,077	-	29,400
Advertising and Media (Cash)	14,919	8,908	-	8,908	-	23,827
Repairs and Maintenance	21,205	11,708	8,027	19,735	-	40,940
Bad Debt Expense	-	1,451	-	1,451	-	1,451
Membership Dues	950	-	281	281	-	1,231
National Partnership Dues	405,717	56,492	51,357	107,849	-	513,566
Miscellaneous	36,295	93,473	6,204	99,677	-	135,972
Depreciation and Amortization	32,580	18,983	14,602	33,585	-	66,165
Special Event - Direct Donor Benefits	-	-	-	-	842,773	842,773
Total Expenses	11,188,322	1,934,302	1,388,239	3,322,541	842,773	15,353,636
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(842,773)	(842,773)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 11,188,322	$ 1,934,302	$ 1,388,239	$ 3,322,541	$ -	$ 14,510,863

See accompanying Notes to Financial Statements.

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (1,056,449)
Adjustments to reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation and Amortization	66,165
Bad Debt Expense and Other	1,451
Net Realized and Unrealized Losses on Investments	107,142
Loss on Disposition of Equipment	3,846
Contributed Property and Equipment	(55,692)
Change in Discount to Present Value of Contributions Receivable	387
(Increase) Decrease in Assets:	
Contributions Receivable	(681)
Due from Related Entities	81,544
Prepaid Expenses	(53,937)
Other Assets	140,629
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	52,291
Due to Related Entities	50,519
Other Liabilities	(45,010)
Deferred Rent	(24,094)
Net Cash Used by Operating Activities	(731,889)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(801,300)
Proceeds from Sales of Investments	462,000
Purchases of Property and Equipment	(54,577)
Net Cash Used by Investing Activities	(393,877)
CASH FLOWS FROM FINANCING ACTIVITIES	
Contributions Restricted for Long-Term Investment	548,000
Principal Payments on Capital Lease Obligations	(10,227)
Net Cash Provided by Financing Activities	537,773
NET DECREASE IN CASH AND CASH EQUIVALENTS	(587,993)
Cash and Cash Equivalents - Beginning of Year	1,260,749
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 672,756
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid for Interest Expense	$ 8,985
In-Kind Contributions	$ 3,725,906
Contributed Property and Equipment	$ 55,692

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Illinois (the Foundation) is an Illinois 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.

The Foundation granted its first wish in 1985, and has granted a total of 15,913 wishes through August 31, 2019. For the year ended August 31, 2019, the Foundation granted 721 wishes.

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 U.S. generally accepted accounting principles (GAAP) applicable to nonprofit entities.

Cash and Cash Equivalents

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

Investments

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

Contributions Receivable

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions receivable are discounted using fair value rates and contributions are written off when deemed uncollectible.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost of $1,000 or more and expenditures approved as part of the capital budget with 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 three to five 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.

See additional information in Note 4.

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 restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

Revenue Recognition

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discounts is recorded as additional contributions revenue. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

	Programs	Fundraising	Management and General	Total
Wish Related	$ 3,669,385	$ -	$ -	$ 3,669,385
Professional Services	84,109	-	-	84,109
Other	5,296	3,034	-	8,330
	$ 3,758,790	$ 3,034	$ -	3,761,824
Special Events				2,179
Inventory (Asset)				(93,789)
Property and Equipment (Capitalized)				55,692
Total				$ 3,725,906

Wish related in-kind supports the direct costs of wishes granted.

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 Illinois taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and Section 205 of the Illinois Revenue and Taxation Code. 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.

Functional Expenses

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

Program Service

Activities performed by the Foundation that grant wishes to children with critical illnesses and communicate the purpose and service of the Foundation to all potential wish referral sources.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

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.

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 $199,546 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 Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The adoption of this standard did not impact the Foundation's net assets as of September 1, 2018.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Policy – Pending Wish Liability

Through the fiscal year ending August 31, 2018, the Foundation accrued for estimated costs of reportable pending wishes when five certain, measurable wish criteria were met. This accrual did not represent a legally binding liability but was considered a moral obligation to the child by the Foundation arising when the five criteria were met. 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 $5,014,613.

NOTE 3 LIQUIDITY AND AVAILABILITY

The Foundation monitors liquidity regularly through the monthly financial package provided to the Board and through benchmarks of excellence for Make-A-Wish America and all of its chapters. Liquidity of 6 to 24 months is considered excellent based on the Make-A-Wish benchmark of excellence.

Total Financial Assets	$ 11,886,095
Donor-Imposed Restrictions:	
Investments	(4,115,499)
Contributions Receivable, Net	(1,686,132)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 6,084,464

Our investment funds consist of both donor-restricted endowments and unrestricted funds designated by the Board. Income from donor-restricted endowments is restricted for specific purposes as described in Note 9. Donor-restricted endowment funds are not available for general expenditure.

Our unrestricted Board Designated Fund (Board Fund) serves primarily as an operating reserve in addition to our commercial operating cash account. The Foundation's policy is always to maintain a minimum of three months of reserves between just the Board Fund and commercial operating cash account. Spending from the Board Fund is based on amounts appropriated for expenditure as part of our Board's annual budget approval and appropriation. Amounts appropriated can be to support the annual operating budget or to support strategic plan initiatives that will lead to step-change improvement in wish growth. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which may include significant planned gifts.

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.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value of Financial Instruments (Continued)

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. 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.

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					
Recurring:					
Investments:					
Mutual Funds	$ 5,073,654	$ -	$ -	$ -	$ 5,073,654
Cash	-	-	-	-	16,604
Total Investments	5,073,654	-	-	-	5,090,258
Investments Held for Long-Term Purposes:					
Mutual Funds	$ 4,102,678	$ -	$ -	$ -	$ 4,102,678
Cash	-	-	-	-	12,821
Total Investments Held for Long-Term Purposes	4,102,678	-	-	-	4,115,499
Total Assets	$ 9,176,332	$ -	$ -	$ -	$ 9,205,757

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from 1.70% to 2.37% at August 31, 2019. Discount rates applied to each pledge are based on the risk free rate at the date of the pledge and the length closest to the term of the pledge. The following is a summary of the Foundation's contributions receivable at August 31, 2019:

Total Amounts Due in:	
Within One Year	$ 1,640,916
One to Five Years	53,000
Gross Contributions Receivable	1,693,916
Less: Allowance for Doubtful Accounts	(6,245)
Less: Discount to Present Value	(1,539)
Contributions Receivable, Net	$ 1,686,132

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 $2,284,619 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 $541,198 were expensed from the Foundation to the National Organization during the year ended August 31, 2019.

Chapters who assist with the organization and granting of wishes from other chapters are paid a "fee for service" called the wish assist fee. Under this program, the originating chapter agrees to pay a fee to the chapter of the wish destination to assist with any planning, booking, and facilitating of the wish for the home chapter. Under this program, the Foundation received $5,400 for the year ended August 31, 2019, which is recorded in the accompanying statement of activities as other income.

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

Due from National Organization	$ 311,866
Due from Other Chapters	9,584
Total Due from Related Entities	$ 321,450
Due to National Organization	$ 102,713
Due to Other Chapters	19,998
Total Due to Related Entities	$ 122,711

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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 $313,045. In 2019, amounts due from Board members totaled $31,750, 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	$	242,614
Office Furniture		196,284
Leasehold Improvements		8,539
Total		447,437
Less: Accumulated Depreciation and Amortization		(328,760)
Property and Equipment, Net	$	118,677

Depreciation and amortization expense relating to property and equipment totaled $54,500 for the year ended August 31, 2019. See Note 8 for depreciation expense relating to assets held under capital leases.

NOTE 8 LEASES

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through November 30, 2023. As of August 31, 2019, the cost of leased property and equipment under capital leases was $39,557, and accumulated depreciation was $20,965, and is included in other assets on the statement of financial position. Depreciation expense on the leased asset was $11,665 for the year ended August 31, 2019. Rent expense for all operating leases for the year ended August 31, 2019 totaled $332,386.

NOTE 8 LEASES (CONTINUED)

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

Year Ending August 31:	Operating Leases	Capital Leases
2020	$ 302,579	$ 19,212
2021	305,073	10,303
2022	307,212	-
2023	316,590	-
2024	80,357	-
Total Minimum Lease Payments	1,311,811	29,515
Less: Amounts Representing Interest	-	(6,202)
Present Value of Net Minimum Lease Payments	$ 1,311,811	$ 23,313

NOTE 9 NET ASSETS

Net Assets Without Donor Restrictions

At August 31, 2019, net assets without donor restrictions includes a Board-designated fund of $5,090,258, that serves primarily as an operating reserve in addition to our commercial operating cash account.

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 Passage of Time:	
In-Kind Receivable	$ 870,006
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	770,524
Total	1,640,530
Endowments:	
Promises to Give Restricted to the Endowment	45,600
Subject to Endowment Spending Policy and Appropriation:	
Earnings on Endowment Funds	385,992
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:	
Wish Granting	3,183,907
Medical Outreach	500,000
Total Endowments	4,115,499
Total Donor Restricted Net Assets	$ 5,801,629

NOTE 10 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 four individual funds established by donors to grant wishes in perpetuity. 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 statement of financial position.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the Illinois 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:

	With Donor Restrictions
Donor-Restricted Endowment Funds:	
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	$ 3,729,507
Accumulated Investment Gains	385,992
Total Funds	$ 4,115,499

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

	With Donor Restrictions
Endowment Funds - Beginning of Year	$ 3,619,024
Investment Return:	
Investment Income	115,303
Net Appreciation (Realized and Unrealized	15,172
Total Investment Return	130,475
Promises to Give Collected	548,000
Appropriation of Endowment Asset for Expenditure	(182,000)
Endowment Funds - End of Year	$ 4,115,499

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 period. 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 a blended benchmark of U.S. and other world indices, as applicable, for different asset classes, 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 7% annually. Actual returns in any given year may vary from this amount.

Strategy 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.

NOTE 10 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 the average fair value of the endowment funds over the prior 12 quarters preceding the beginning of 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 7% 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 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 of $0.25 for every dollar contributed up to 6% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2019 were $26,085.

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.

In-kind contributions totaling $2,003,027 were received from a single donor for the year ended August 31, 2019, which represents 19% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 13 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal year ending August 31, 2019, the Foundation granted 721 wishes. As of the end of the year, there were approximately 1,054 wish children who were eligible for a wish. The average cost of a wish for the fiscal year was $6,736 in cash and $5,052 in in-kind for a total cost of $11,788.

NOTE 14 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 12, 2019, the date at which the financial statements were available to be issued.