MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2019

MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA
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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Ohio, Kentucky & Indiana
Columbus, Ohio

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Ohio, Kentucky & Indiana 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 Ohio, Kentucky & Indiana 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, Make-A-Wish Foundation® of Ohio, Kentucky & Indiana 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 Ohio, Kentucky & Indiana also changed an accounting policy with the elimination of the pending wish liability from the Foundation's statement of financial position. Our opinion is not modified with respect to these matters.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
January 21, 2020

MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019

ASSETS

Cash and Cash Equivalents	$ 1,340,965
Due from Related Entities	138,655
Prepaid Expenses	567,645
Contributions Receivable, Net	1,859,644
Other Assets	16,798
Split-Interest Agreements	134,995
Investments Held for Long-Term Purposes	4,989,036
Property and Equipment, Net	237,346
Beneficial Interest in Assets Held by Others	409,988
Total Assets	$ 9,695,072

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts Payable and Accrued Expenses	$ 674,528
Due to Related Entities	22,811
Other Liabilities	93,523
Total Liabilities	790,862
NET ASSETS	
Without Donor Restrictions	5,680,059
With Donor Restrictions	3,224,151
Total Net Assets	8,904,210
Total Liabilities and Net Assets	$ 9,695,072

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	$ 12,454,729	$ 2,006,093	$ 14,460,822
Grants	145,548	187,422	332,970
Total Public Support	12,600,277	2,193,515	14,793,792
Internal Special Events	2,196,153	49,000	2,245,153
Less Costs of Direct Benefits to Donors	(718,312)	-	(718,312)
Total Internal Special Events	1,477,841	49,000	1,526,841
Investment Income, Net	95,300	16,496	111,796
Other Income	50,965	-	50,965
Net Assets Released from Restrictions	1,884,514	(1,884,514)	-
Total Revenues, Gains, and Other Support	16,108,897	374,497	16,483,394
EXPENSES			
Program Services: Wish Granting	12,253,664	-	12,253,664
Support Services:			
Fundraising	2,722,047	-	2,722,047
Management and General	2,507,042	-	2,507,042
Total Support Services	5,229,089	-	5,229,089
Total Expenses	17,482,753	-	17,482,753
OTHER GAINS (LOSSES)			
Change in Split-Interest Agreements	-	5,718	5,718
Loss on Sale of Equipment	(1,141)	-	(1,141)
Total Other Gains (Losses)	(1,141)	5,718	4,577
CHANGE IN NET ASSETS	(1,374,997)	380,215	(994,782)
Net Assets - Beginning - Before Change in Accounting Policy	(1,372,698)	2,843,936	1,471,238
Change in Accounting Policy	8,427,754	-	8,427,754
Net Assets - Beginning of Year - As Adjusted	7,055,056	2,843,936	9,898,992
NET ASSETS - END OF YEAR	$ 5,680,059	$ 3,224,151	$ 8,904,210

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA
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	$ 9,357,171	$ -	$ -	$ -	$ -	$ 9,357,171
Salaries, Taxes, and Benefits	1,853,112	1,634,799	2,018,514	3,653,313	-	5,506,425
Printing, Subscriptions, and Publications	1,228	298,320	132	298,452	-	299,680
Professional Fees	48,849	147,061	54,103	201,164	-	250,013
Rent and Utilities	155,166	136,159	156,816	292,975	-	448,141
Postage and Delivery	40,495	20,591	22,947	43,538	-	84,033
Travel	46,436	90,655	8,968	99,623	-	146,059
Meetings and Conferences	37,256	69,910	21,410	91,320	-	128,576
Office Supplies	39,708	39,836	23,623	63,459	-	103,167
Communications	82,686	76,407	80,627	157,034	-	239,720
Repairs and Maintenance	19,198	17,532	19,710	37,242	-	56,440
National Partnership Dues	519,375	72,318	65,744	138,062	-	657,437
Miscellaneous	23,860	92,516	4,615	97,131	-	120,991
Depreciation and Amortization	29,124	25,943	29,833	55,776	-	84,900
Special Event - Direct Donor Benefits	-		-	-	718,312	718,312
	12,253,664	2,722,047	2,507,042	5,229,089	718,312	18,201,065
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(718,312)	(718,312)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 12,253,664	2,722,047	$ 2,507,042	$ 5,229,089	$ -	$ 17,482,753

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (994,782)
Adjustments to reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation and Amortization	84,900
Net Realized and Unrealized Losses on Investments	96,993
Loss on Sale of Property and Equipment	1,141
Contributed Property and Equipment	(2,199)
Change in Value of Split-Interest Agreements	(5,718)
(Increase) Decrease in Assets:	
Contributions Receivable	(249,919)
Due from Related Entities	205,100
Prepaid Expenses	(392,444)
Other Assets	625
Decrease in Liabilities:	
Accounts Payable and Accrued Expenses	(117,739)
Due to Related Entities	(50,572)
Other Liabilities	(40,499)
Net Cash Used by Operating Activities	(1,465,113)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(1,160,106)
Proceeds from Sales of Investments	665,489
Purchases of Property and Equipment	(96,002)
Net Cash Used by Investing Activities	(590,619)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,055,732)
Cash and Cash Equivalents - Beginning of Year	3,396,697
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,340,965
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Contributed Property and Equipment	$ 2,199

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Ohio, Kentucky & Indiana (the Foundation) is an Ohio 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 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 without donor restricted net assets unless its use is limited by donor-imposed restrictions or law. Split-interest agreements and beneficial interests in assets held by others are valued the same as investments. Gains and losses (including realized and unrealized) from these assets are reported as a component of the change in value in split-interest agreements or as a component of investment income, net, on the statement of activities.

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 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 3.

Net Assets

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, services, and materials that are reported in the statement of activities as follows:

	Programs	Fundraising	Management and General	Total
Wish Related	$ 4,571,360	$ -	$ -	$ 4,571,360
Rent	9,324	10,567	11,189	31,080
Other	27	31,951	32	32,010
	$ 4,580,711	$ 42,518	$ 11,221	4,634,450
Special Events				72,324
Property and Equipment (Capitalized)				2,199
Total				$ 4,708,973

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Ohio taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and Section 5733.01 of the Ohio Revised 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: wish granting, fundraising, and management and general. Definitions of these functions are as follows:

Wish Granting

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

Fundraising

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

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 $(9,774) at August 31, 2019.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 $8,427,754.

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	$ 8,873,283
Donor Imposed Restrictions:	
Investments	(1,364,507)
Contributions Receivable, Net	(1,859,644)
Net Financial Assets after Donor-Imposed Restrictions	5,649,132
Internal Designations:	
Board Designated Endowments	(4,551,424)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 1,097,708

The Foundation's 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.

The Foundation's board-designated endowment of $4,551,424 is subject to an annual spending rate of 3% as described in Note 11. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of the Foundation's liquidity management plan, the Foundation invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

Subsequent to the year ended August 31, 2019, the Foundation entered into a line of credit agreement totaling $500,000. The line of credit is available to be drawn upon during times of economic downturn or reduced cash flow.

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 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 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. 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.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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	$ 2,616,435	$ -	$ -	$ -	$ 2,616,435
Equity Securities	2,590	-	-	-	2,590
Debt Securities	1,444,409	-	-	-	1,444,409
Cash	-	-	-	-	925,602
Total Investments	4,063,434	-	-	-	4,989,036
Split-Interest Agreements	-	-	134,995	-	134,995
Beneficial Interests in Assets Held by Others	-	-	409,988	-	409,988
	-	-	544,983	-	544,983
Total	$ 4,063,434	$ -	$ 544,983	$ -	$ 5,534,019

For the valuation of beneficial interest in assets held by others and split-interest agreements at August 31, 2019, the Foundation used significant unobservable inputs including information from owner-to-owner transactions, the market value of underlying assets, and the Foundation's own assumptions, as a practical expedient (Level 3).

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

Beginning Balance	$ 527,563
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	3,426
Purchases	28,395
Sales	(14,401)
Ending Balance	$ 544,983
Change in Unrealized Gains or Losses for the Period Included in the Change in Net Assets Relating to Investments Still Held at End of Reporting Period	$ 3,426

NOTE 5 CONTRIBUTIONS RECEIVABLE

The following is a summary of the Foundation's contributions receivable at August 31, 2019:

Total Amounts Due in:		
Within One Year	$	1,654,644
One to Five Years		205,000
Contributions Receivable	$	1,859,644

Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2019.

NOTE 6 BENEFICIAL INTEREST AGREEMENTS

Beneficial Interest in Assets Held by Others

Donors have contributed assets to the National Organization in exchange for a promise by the National Organization to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the terms of such agreements, no trust exists, as the assets received are held by and the liability is an obligation of the National Organization. The National Organization records contribution revenue using the fair value of the assets less the present value of the payments expected to be made to the beneficiaries. The Foundation is named as a beneficiary in one of these agreements. Accordingly, contribution revenue and the related assets are recognized at fair value in the period in which the Foundation received notice that the agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets are included within investment income in the accompanying statement of activities. As of August 31, 2019, the Foundation had a beneficial interest in assets held by others of $349,085 held by the National Organization. See Note 4 for fair value disclosures related to these assets.

During 2019, the Foundation invested $25,000 with an unrelated community foundation. This balance is included in the beneficial interest in assets held by others as of August 31, 2019. Beneficial interest in assets held by others, including those amounts held by National and by community foundations, totaled $409,988 as of August 31, 2019.

Split-Interest Agreements

The Foundation is named beneficiary on six charitable remainder unitrusts, the corpus of which is not controlled by the management of the Foundation. Under these arrangements, the Foundation has the irrevocable right to receive the remaining assets in the trusts at the termination of the trusts. Accordingly, contribution revenue and the related assets are recognized at fair value in the period in which the Foundation received notice that the trust agreement conveyed an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets have been recorded in the accompanying statement of activities as a component of donor restricted change in value of split-interest agreements. The Foundation received beneficial interest in these trusts as part of the acquisition of the Northwest Ohio Chapter that occurred effective September 1, 2010. The Foundation's beneficial interest in the trust is $134,995 for the year ending August 31, 2019.

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the year ended August 31, 2019, the Foundation received $2,651,241 from these national revenue streams.

As part of the National Organization's Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation received $200,000 during the year ended August 31, 2019.

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. Amount totaling $736,817 were paid from the Foundation to the National Organization during the year ended August 31, 2019.

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

Due from National Organization	$	131,195
Due from Other Chapters		7,460
Total Due from Related Entities	$	138,655
Due to National Organization	$	2,669
Due to Other Chapters		20,142
Total Due to Related Entities	$	22,811

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 $939,536. In 2019, amounts due from board members totaled $294,837, and are included in contributions receivable in the accompanying statement of financial position.

NOTE 8 PROPERTY AND EQUIPMENT, NET

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

Computer Equipment and Software	$ 346,719
Office Furniture	155,592
Other Equipment	42,620
Leasehold Improvements	99,248
Total	644,179
Less: Accumulated Depreciation and Amortization	(406,833)
Property and Equipment, Net	$ 237,346

Depreciation and amortization expense totaled $84,900 for the year ended August 31, 2019.

NOTE 9 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through June 30, 2030. Total rent expense for all operating leases for the year ended August 31, 2019 totaled $374,656.

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

Year Ending August 31:	
2020	$ 411,464
2021	398,366
2022	375,877
2023	274,027
2024	223,486
Thereafter	1,321,726
Total	$ 3,004,946

NOTE 10 NET ASSETS

Net Assets Without Donor Restrictions

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

Board Designated Endowment Funds	$ 4,202,339
Held by National	349,085
Total Board Designated Net Assets	$ 4,551,424

NOTE 10 NET ASSETS (CONTINUED)

Net Assets With Donor Restrictions

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

Subject to Expenditure for Specified Purpose:	
Special Events	$ 413,598
In-Kind Contributions Receivable	849,154
Total	1,262,752
Subject to Passage of Time:	
Cash Contributions Receivable	979,761
Not Subject to Spending Policy or Appropriation:	
Split-Interest Agreements	134,995
Endowments:	
Subject to Endowment Spending Policy and Appropriation:	
Earnings on Endowment Funds	354,179
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:	
To Support Any Activities of the Foundation	109,994
To Grant Wishes in the Southern Ohio Region	125,000
To Grant Wishes in the Northern Ohio Region	242,470
To Grant Wishes in Cleveland	15,000
Total Endowments	846,643
Total Donor Restricted Net Assets	$ 3,224,151

NOTE 11 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 5 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 11 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Ohio 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:			
Original Gift to the Maintained in Perpetuity	$ -	$ 492,464	$ 492,464
Accumulated Investment Gains	-	354,179	354,179
Board-Designated Endowment Funds Held by National	349,085	-	349,085
Board-Designated Endowment Funds Held by Chapter	4,202,339	-	4,202,339
Total Funds	$ 4,551,424	$ 846,643	$ 5,398,067

NOTE 11 ENDOWMENTS (CONTINUED)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	$ 4,458,479	$ 850,028	$ 5,308,507
Investment Return	82,647	16,541	99,188
Contributions	25,000	-	25,000
Appropriation of Endowment Asset Pursuant to Spending-Rate Policy	-	(19,926)	(19,926)
Distribution from Board-Designated Pursuant to Distribution Policy	(14,702)	-	(14,702)
Endowment Funds - End of Year	$ 4,551,424	$ 846,643	$ 5,398,067

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. In accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions. 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 fund(s) 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(s) 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 6% 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.

NOTE 11 ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 3% 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 3% 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 12 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 IRC limitations. The Foundation matches employee contributions up to 3% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2019 were $63,845.

NOTE 13 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 $2,240,244 were received from a single donor for the year ended August 31, 2019, which represents 15% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 14 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal year ending August 31, 2019, the Foundation granted 790 wishes. As of the end of the year, there were approximately 2,018 wish children who are eligible for a wish. The average cost of a wish for the fiscal year was $6,437 in cash and $5,772 in in-kind for a total cost of $12,209.

NOTE 15 LINE OF CREDIT

In September 2019, the Foundation entered into a line of credit with a financial institution totaling $500,000, bearing interest at a variable rate, to continue until an agreed upon termination date. No such agreement was in effect as of August 31, 2019.

NOTE 16 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 21, 2020, the date at which the financial statements were available to be issued.

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