MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2019

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MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
TABLE OF CONTENTS
YEAR ENDED AUGUST 31, 2019

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® Orange County &
The Inland Empire, Inc.
Irvine, California

We have audited the accompanying financial statements of Make-A-Wish Foundation® Orange County & The Inland Empire, 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 then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® Orange County & The Inland Empire, 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.

Emphasis of Matters

As discussed in Note 2 to the financial statements, Make-A-Wish Foundation® Orange County & The Inland Empire, 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 Statements of Not-for-Profit Entities.* Make-A-Wish Foundation® Orange County & The Inland Empire, Inc. 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

Lakeland, Florida
January 22, 2020

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019

ASSETS	
Cash and Cash Equivalents	$ 271,359
Investments	1,574,640
Due from Related Entities	187,984
Prepaid Expenses	299,376
Contributions Receivable, Net	211,114
Other Assets	89,939
Investments Held for Long-Term Purposes	99,945
Property and Equipment, Net	169,793
Total Assets	$ 2,904,150
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts Payable and Accrued Expenses	$ 596,370
Due to Related Entities	26,656
Capital Lease Obligation	44,940
Other Liabilities	184,337
Total Liabilities	852,303
NET ASSETS	
Without Donor Restrictions	1,762,155
With Donor Restrictions	289,692
Total Net Assets	2,051,847
Total Liabilities and Net Assets	$ 2,904,150

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	$ 4,414,139	$ 98,362	$ 4,512,501
Grants	114,465	-	114,465
Total Public Support	4,528,604	98,362	4,626,966
Internal Special Events	891,265	-	891,265
Less Costs of Direct Benefits to Donors	(252,025)	-	(252,025)
Total Special Events	639,240	-	639,240
Investment Income, Net	42,115	(61)	42,054
Other Income	188,446	-	188,446
Net Assets Released from Restrictions	223,909	(223,909)	-
Total Revenues, Gains, and Other Support	5,622,314	(125,608)	5,496,706
EXPENSES			
Program Services:			
Wish Granting	4,255,443	-	4,255,443
Training and Development	67,534	-	67,534
Public Information	105,161	-	105,161
Total Program Services	4,428,138	-	4,428,138
Support Services:			
Fundraising	1,070,587	-	1,070,587
Management and General	621,377	-	621,377
Total Support Services	1,691,964	-	1,691,964
Total Program and Support Services Expense	6,120,102	-	6,120,102
OTHER EXPENSE			
Loss on Disposal of Property and Equipment	2,180	-	2,180
Total Expenses and Losses	6,122,282	-	6,122,282
CHANGE IN NET ASSETS	(499,968)	(125,608)	(625,576)
Net Assets - Beginning of Year - Before Change in Accounting Principle	(119,395)	415,300	295,905
Change in Accounting Policy	2,381,518	-	2,381,518
Net Assets - Beginning of Year - As Adjusted	2,262,123	415,300	2,677,423
NET ASSETS - END OF YEAR	$ 1,762,155	$ 289,692	$ 2,051,847

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2019

	Program Services				Support Services				
	Wish Granting	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	$ 3,196,210	$ -	$ -	$ 3,196,210	$ -	$ -	$ -	$ -	$ 3,196,210
Salaries, Taxes, and Benefits	622,247	45,655	79,970	747,872	635,808	396,359	1,032,167	-	1,780,039
Printing, Subscriptions, and Publications	2,212	1,161	2,357	5,730	4,987	158	5,145	-	10,875
Professional Fees	3,621	312	311	4,244	30,213	114,460	144,673	-	148,917
Rent and Utilities	157,487	10,522	13,694	181,703	126,855	48,231	175,086	-	356,789
Postage and Delivery	2,156	296	205	2,657	5,532	769	6,301	-	8,958
Travel	4,562	500	614	5,676	8,377	1,514	9,891	-	15,567
Meetings and Conferences	5,248	2,161	430	7,839	18,691	5,756	24,447	-	32,286
Office Supplies	2,924	213	209	3,346	3,836	4,748	8,584	-	11,930
Communications	8,224	457	585	9,266	8,678	2,564	11,242	-	20,508
Advertising and Media (Cash)	-	-	-	-	15,358	-	15,358	-	15,358
Advertising and Media (In-Kind)	-	-	-	-	94,325	-	94,325	-	94,325
Repairs and Maintenance	2,628	188	250	3,066	2,316	876	3,192	-	6,258
Membership Dues	218	16	21	255	793	328	1,121	-	1,376
National Partnership Dues	178,849	-	-	178,849	24,903	22,639	47,542	-	226,391
Miscellaneous	38,253	3,867	3,600	45,720	62,954	12,774	75,728	-	121,448
Depreciation and Amortization	30,604	2,186	2,915	35,705	26,961	10,201	37,162	-	72,867
Special Event - Direct Donor Benefits	-	-	-	-	-	-	-	252,025	252,025
Total	4,255,443	67,534	105,161	4,428,138	1,070,587	621,377	1,691,964	252,025	6,372,127
Less Expenses Netted Against Revenues on the Statement of Activities:									
Special Event - Direct Donor Benefits	-	-	-	-		-	-	(252,025)	(252,025)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 4,255,443	$ 67,534	$ 105,161	$ 4,428,138	$ 1,070,587	$ 621,377	$ 1,691,964	$ -	$ 6,120,102

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® ORANGE COUNTY & THE INLAND EMPIRE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (625,576)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation and Amortization	72,867
Net Realized and Unrealized Gains on Investments	(4,184)
Contributed Inventory and Property and Equipment	(6,732)
Loss on Disposal of Property and Equipment	2,180
Change in Discount to Present Value of Contribution Receivables	(3,357)
(Increase) Decrease in Assets:	
Contributions Receivable	69,827
Due from Related Entities	16,980
Prepaid Expenses	(189,677)
Other Assets	1,193
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	89,862
Due to Related Entities	(7,696)
Other Liabilities	63,906
Net Cash Used by Operating Activities	(520,407)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(1,031,520)
Proceeds from Sales of Investments	1,587,014
Purchases of Property and Equipment	(21,478)
Net Cash Provided by Investing Activities	534,016
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Payments on Capital Lease Obligations	(4,581)
Proceeds from Line of Credit	1,320,000
Principal Payments on Line of Credit	(1,320,000)
Net Cash Used by Financing Activities	(4,581)
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,028
Cash and Cash Equivalents - Beginning of Year	262,331
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 271,359
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Interest Paid	$ 39,664
Contributed Property and Equipment	$ 3,596
Contributed Inventory	$ 3,136

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® Orange County & The Inland Empire, Inc. (the Foundation) is a California 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. In addition, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted (GAAP) 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. Included in cash and cash equivalents at August 31, 2019 is $5,009 of money market mutual funds.

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. Contributions are written off when deemed uncollectible.

Property and Equipment, Net

Property and equipment having a unit cost greater than $500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released over time in an amount equivalent to annual depreciation. 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 15 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Fair value measurements of financial assets and financial liabilities and fair value measurements of nonfinancial items are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

Net Assets

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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 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:

	Program	Fundraising	Management and General	Total
Wish Related	$ 1,417,903	$ -	$ -	$ 1,417,903
Professional Services	-	-	175	175
Advertising and Media	-	94,325	-	94,325
Other	123	5,269	6,810	12,202
Total	$ 1,418,026	$ 99,594	$ 6,985	1,524,605
Special Events				54,150
Property and Equipment (Capitalized)				3,596
Inventory (Asset)				3,136
Total				$ 1,585,487

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)

Revenue Recognition (Continued)

Advertising and media is used to help the Foundation communicate its message or mission and includes fundraising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes. Donated advertising and media are reported as contribution revenue and fundraising expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and California income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 23701d of the California 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 state jurisdictions.

Functional Expenses

The Foundation performs five functions: wish granting, 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.

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. During the fiscal year ended August 31, 2019, the Foundation incurred no significant joint costs for activities that included fundraising appeals.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

Management and General

All costs not identifiable with a specific program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

Expenses that benefit more than one function of the Foundation are allocated among the functions based generally on the amount of time spent by employees on each function.

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 $80,208 at August 31, 2019 and included in other liabilities on the statement of financial positions.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle – Adoption of ASU 2016-14

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

Change in Accounting Policy – Pending Wish Liability

Through the fiscal year ended 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 principle, net assets without restrictions as of September 1, 2018 have increased by $2,381,518.

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	$ 2,345,042
Donor Imposed Restrictions:	
Restricted Funds	(201,112)
Endowments	(88,580)
	(289,692)
Internal Designations:	
Board Designated Endowments	(11,365)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 2,043,985

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 amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, CDs, and money market funds.

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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

At August 31, 2019, the Foundations' investments were held in either money market accounts or publically traded mutual funds classified with Level 1 of the fair value hierarchy or in shares or units in bonds classified with Level 2 of the fair value hierarchy. All investments held at August 31, 2019 are redeemable on a daily basis.

Fair Value Hierarchy

The following table presents the placement in 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)	Total
Assets:				
Mutual Funds	$ 395,512	$ -	$ -	$ 395,512
Exchange-Traded Funds	353,797	-	-	353,797
Equity Securities	736,088	-	-	736,088
Debt Securities	-	163,080	-	163,080
Cash and Cash Equivalents	-	-	-	26,108
Total	$ 1,485,397	$ 163,080	$ -	$ 1,674,585

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable includes pledges that have been discounted at a rate of 1.8% at August 31, 2019. The following is a summary of the Foundation's contributions receivable at August 31, 2019:

Total Amounts Due in:		
One Year	$	153,363
Two to Five Years		60,000
Gross Contributions Receivable		213,363
Less Discount to Present Value		(2,249)
Contributions Receivable, Net	$	211,114

The Foundation's contributions receivable at August 31, 2019 includes two contributors which represent 70% of the balance.

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES

The Foundation received the following distributions from the National Organization for the year ended August 31, 2019:

Corporate, Online, Whitemail, and General Contributions	$	1,125,300
Grants		24,000
Other		26,761
Total Distributions Received	$	1,176,061

These amounts are recorded in the statement of activities as public support revenue. The Foundation paid to the National Organization the following amounts for the year ended August 31, 2019:

Chapter Dues	$	226,391
Services and Other		108,820
Total Amounts Paid	$	335,211

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 $188,400 for the year ended August 31, 2019, which is recorded in the accompanying statement of activities as other income.

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Amounts due from and to related entities at August 31, 2018 are as follows:

Due from National Organization	$	103,326
Due from Other Chapters		84,658
Total Due from Related Entities	$	187,984
Due to National Organization	$	1,264
Due to Other Chapters		25,392
Total Due to Related Entities	$	26,656

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 $274,751. In 2019, amounts due from board members totaled $40,000 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 consist of the following:

Computer Equipment and Software	$	87,478
Office Furniture and Equipment		311,343
Leasehold Improvements		117,250
Total		516,071
Less Accumulated Depreciation and Amortization		(346,278)
Property and Equipment, Net	$	169,793

Depreciation and amortization expense totaled $72,867 for the year ended August 31, 2019.

NOTE 8 LINE OF CREDIT

The Foundation has a secured line of credit with a financial institution totaling $500,000, bearing interest at 3.25%. At August 31, 2019, there was not an outstanding balance on this line of credit.

NOTE 9 LEASES

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through March 31, 2023. As of August 31, 2019, the cost of leased property and equipment under capital leases was $51,823 and accumulated depreciation was $17,275. Total rent expense for all operating leases for the year ended August 31, 2019 totaled $253,445.

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

Year Ending August 31,	Operating Leases	Capital Leases
2020	$ 276,205	$ 30,140
2021	279,003	30,140
2022	267,084	30,140
2023	60,780	10,045
Total Minimum Lease Payments	883,072	100,465
Less Amounts Representing Interest	-	(55,525)
Present Value of Net Minimum Lease Payments	$ 883,072	$ 44,940

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 one individual fund established by a donor-restricted endowment fund and one board designated fund. Net assets associated with the endowment fund, 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 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the California 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 permanent endowment, and (c) accumulated earnings on 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	$ -	$ 88,580	$ 88,580
Board-Designated Endowment Funds	11,365	-	11,365
Total Funds	$ 11,365	$ 88,580	$ 99,945

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	$ 11,372	$ 93,641	$ 105,013
Investment Return:			
Investment Income	126	1,025	1,151
Net Appreciation (Realized and Unrealized)	(133)	(1,086)	(1,219)
Total Investment Return	(7)	(61)	(68)
Appropriation of Endowment Assets for Expenditures	-	(5,000)	(5,000)
Endowment Funds - End of Year	$ 11,365	$ 88,580	$ 99,945

NOTE 10 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 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 9% 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 not appropriating any funds until the endowment reaches a balance of $105,000 in total at which time the endowment can withdraw $5,000 from the donor restricted funds that shall be used to fund the cost of a wish. 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 4% 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 NET ASSETS

Net assets with donor restrictions are available for the following purposes for the year ended August 31, 2019:

Subject to Expenditure for Specified Purpose:	
Wish Granting	$ 98,362
Total	98,362
Subject to Passage of Time:	
Promises to Give that are Not Restricted by Donors,	
but Which are Unavailable for Expenditure Until Due	102,750
Total	102,750
Endowments:	
Subject to Endowment Spending Policy	
and Appropriation:	
Earnings on Endowment Funds	6,080
Original Donor-Restricted Gift Amount to be	
Maintained in Perpetuity:	
Endowment Fund	82,500
Total	88,580
Total Donor Restricted Net Assets	$ 289,692

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 3 months 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 $40,169.

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 $476,216 were received from a single donor for the year ended August 31, 2019, which represents 10% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 14 LITIGATION AND CLAIMS

The Foundation is 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 15 COMMITMENTS

The goal of the Foundation is to grant the wishes of every eligible child. During the fiscal year ended August 31, 2019, the Foundation granted 360 wishes. As of the end of the year, there were approximately 445 wish children who are eligible for a wish. The average cost of a wish for the fiscal year was $5,096 in cash and $3,984 in in-kind for a total cost of $9,080.

NOTE 16 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 22, 2020, the date at which the financial statements were available to be issued. The Foundation was named a beneficiary in a gift in the form of a split-interest agreement subsequent to year-end of approximately $176,000.