MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2019

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
TABLE OF CONTENTS
YEAR ENDED AUGUST 31, 2019

INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of New Jersey, Inc.
Monroe Township, New Jersey

We have audited the accompanying financial statements of Make-A-Wish Foundation® of New Jersey, Inc. which comprise the statement of financial position as of August 31, 2019 and the related statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 New Jersey, 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, the Make-A-Wish Foundation® of New Jersey, 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*. The Make-A-Wish Foundation® of New Jersey, 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

Plymouth Meeting, Pennsylvania
December 5, 2019

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019

ASSETS

Cash and Cash Equivalents	$ 530,818
Investments	6,439,047
Due from Related Entities	129,014
Prepaid Expenses	79,933
Contributions Receivable, Net	2,551,447
Other Assets	23,736
Split-Interest Agreements	443,663
Investments Held for Long-Term Purposes	1,911,675
Property and Equipment, Net	7,160,046
Total Assets	$ 19,269,379

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts Payable and Accrued Expenses	$ 674,280
Due to Related Entities	112,998
Total Liabilities	787,278
NET ASSETS	
Without Donor Restrictions	14,126,283
With Donor Restrictions	4,355,818
Total Net Assets	18,482,101
Total Liabilities and Net Assets	$ 19,269,379

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	$ 8,677,044	$ 623,506	$ 9,300,550
Grants	121,823	5,000	126,823
Total Public Support	8,798,867	628,506	9,427,373
Internal Special Events	1,135,602	-	1,135,602
Less Costs of Direct Benefits to Donors	(490,652)	-	(490,652)
Total Internal Special Events	644,950	-	644,950
Investment Income, Net	124,981	42,612	167,593
Other Income	10,150	-	10,150
Net Assets Released from Restrictions	477,566	(477,566)	-
Total Revenues, Gains, and Other Support	10,056,514	193,552	10,250,066
EXPENSES			
Program Services:			
Wish Granting	9,037,229	-	9,037,229
Total Program Services	9,037,229	-	9,037,229
Support Services:			
Fundraising	1,432,366	-	1,432,366
Management and General	864,119	-	864,119
Total Support Services	2,296,485	-	2,296,485
Total Expenses	11,333,714	-	11,333,714
OTHER LOSSES			
Change in Split Interest Agreements	-	46,858	46,858
Total Other Losses	-	46,858	46,858
CHANGE IN NET ASSETS	(1,277,200)	146,694	(1,130,506)
Net Assets - Beginning - Before Change in Accounting Principle	12,957,248	4,209,124	17,166,372
Change in Accounting Policy	2,446,235	-	2,446,235
Net Assets - Beginning of Year - As Adjusted	15,403,483	4,209,124	19,612,607
NET ASSETS - END OF YEAR	$ 14,126,283	$ 4,355,818	$ 18,482,101

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
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	$ 6,594,616	$ -	$ -	$ -	$ -	$ 6,594,616
Salaries, Taxes, and Benefits	1,478,468	960,671	708,645	1,669,316	-	3,147,784
Printing, Subscriptions, and Publications	26,088	86,851	5,298	92,149	-	118,237
Professional Fees	-	-	30,966	30,966	-	30,966
Occupancy	138,435	38,687	14,113	52,800	-	191,235
Postage and Delivery	31,111	19,666	1,372	21,038	-	52,149
Travel	31,682	32,438	1,775	34,213	-	65,895
Meetings and Conferences	132,550	107,413	2,694	110,107	-	242,657
Office Supplies	25,658	16,589	12,321	28,910	-	54,568
Communications	16,788	10,854	8,062	18,916	-	35,704
Advertising and Media (Cash)	5,086	7,553	-	7,553	-	12,639
Repairs and Maintenance	2,985	834	304	1,138	-	4,123
Membership Dues	-	2,475	1,295	3,770	-	3,770
National Partnership Dues	310,624	43,251	39,319	82,570	-	393,194
Miscellaneous	40,887	48,563	17,336	65,899	-	106,786
Depreciation and Amortization	202,251	56,521	20,619	77,140	-	279,391
Special Event Expenses	-	-	-	-	490,652	490,652
	9,037,229	1,432,366	864,119	2,296,485	490,652	11,824,366
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(490,652)	(490,652)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 9,037,229	$ 1,432,366	$ 864,119	$ 2,296,485	$ -	$ 11,333,714

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NEW JERSEY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (1,130,506)
Adjustments to reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation and Amortization	279,391
Contributions Restricted for Long-Term Investment	204,782
Net Realized and Unrealized Losses on Investments	11,673
Contributed Property, Inventory and Split Interest Agreements	(65,381)
Change in Value of Split-Interest Agreements	46,858
Change in Discount to Present Value of Contributions Receivable	16,751
(Increase) Decrease in Assets:	
Contributions Receivable	95,694
Due from Related Entities	186,241
Prepaid Expenses	(66,032)
Other Assets	11,239
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	214,160
Due to Related Entities	(109,983)
Net Cash Used by Operating Activities	(305,113)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(1,937,577)
Proceeds from Sales of Investments	1,967,765
Purchases of Property and Equipment	(37,153)
Net Cash Used by Investing Activities	(6,965)
CASH FLOWS FROM FINANCING ACTIVITIES	
Contributions Restricted for Long-Term Investment	205,000
Net Cash Provided by Financing Activities	205,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(107,078)
Cash and Cash Equivalents - Beginning of Year	637,896
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 530,818
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Contributed Property, Inventory and Split Interest Agreements	$ 65,381

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of New Jersey, Inc. (the Foundation) is a New Jersey nonprofit corporation, organized for the purpose of creating life changing wishes for children with critical illnesses. The Foundation is an independently operating chapter of Make-A-Wish Foundation® of America (National Organization), which operates to develop and implement national programs in public relations and fundraising for the benefit of all local chapters. To be a Make-A-Wish chapter, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (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.

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 $1,000 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 40 years. Land improvements are depreciated over the estimated useful life of the asset. 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).

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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 are 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	$ 2,625,951	$ -	$ -	$ 2,625,951
Professional Services	-	-	27,165	27,165
Conferences/Events	103,368	13,871	983	118,222
	$ 2,729,319	$ 13,871	$ 28,148	2,771,338
Special Events				47,488
Split Interest Agreements				58,535
Inventory				6,846
Total				$ 2,884,207

An internal special event is a fundraising event coordinated and staffed by Foundation personnel rather than a third-party support group or organization. It is designed to attract people for the purpose of raising mission awareness, for increasing funding from existing donors, and the cultivation of future donors. Internal special event in-kind amounts are donated items recorded at fair value that are used in facilitating the event. Examples of such donated items are generally food, beverage, facility costs, and auction items.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and New Jersey taxes under the provisions of Internal Revenue Code Section 501(c)(3). However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2019. The Foundation files income tax returns in the U.S. federal jurisdiction, and applicable state jurisdictions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The Foundation performs 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.

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.

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. 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 $2,446,235.

NOTE 3 LIQUIDITY AND AVAILABILITY

The Foundation monitors liquidity regularly through daily cash flow activities, the monthly financial package provided to the board, and enterprise-wide benchmarks of excellence. The Foundation strives to maintain liquid financial assets sufficient to cover 6 months of general expenditures, while also maximizing the investment of current and long-term investment funds. Holding 6 months to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

The following table presents the calculation of financial assets available at August 31, 2019 to meet cash needs for general expenditures within one year:

Total Financial Assets	$ 12,005,664
Donor Imposed Restrictions:	
Restricted Funds	(2,444,144)
Endowments	(1,911,674)
Net Financial Assets after Donor-Imposed Restrictions	7,649,846
Internal Designations:	
Board Designated Endowments	(1,942,244)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 5,707,602

Financial Assets include cash and cash equivalents, investments, due from related entities, contributions receivable, split-interest agreements and investments held for long-term purposes. For purposes of analyzing resources available to meet general expenditures over one year, the Foundation considers all expenditures related to its ongoing program activities, as well as the functions in support of those activities, to be general expenditures.

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board as an endowment. Income from donor-restricted endowments is restricted for program expenses and is subject to an annual spending rate of 5% as described in Note 11 Restricted funds represent contribution pledges outstanding for program and endowments in future years. Donor restricted and endowment funds are not available for general expenditure.

The board-designated endowment of $1,942,244 is also subject to an annual spending rate of 5% 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, this amount could be made available if necessary.

As part of the Foundation's liquidity management plan, cash in excess of daily requirements is invested in money market funds. If the need arises, investment reserves without donor restrictions could also be utilized for general expenditures, with the approval of the board. In addition to financial assets available to meet general expenditures within one year, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The Foundation also has a $1,000,000 line of credit available to meet short-term needs. See Note 9 for further information.

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of the financial instruments shown in the following table as of August 31, 2019 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

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 Investment 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)	Total
Assets				
Investments:				
Mutual Funds	$ 3,686,363	$ -	$ -	$ 3,686,363
Equity Securities	3,104,915	-	-	3,104,915
Debt Securities	-	1,559,444	-	1,559,444
Split-Interest Agreements	-	-	443,663	443,663
Total	$ 6,791,278	$ 1,559,444	$ 443,663	$ 8,794,385

For the valuation of Debt Securities at August 31, 2019, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

For the valuation of Split-Interest Agreements at August 31, 2019, the Foundation used significant unobservable inputs such as present value of expected future amounts to be received.

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

Beginning Balance	$	431,986
Total Losses (Realized/Unrealized) Included in Changes in Net Assets		(46,858)
Contributed Split-Interest Agreement		58,535
Ending Balance	$	443,663
Change in Unrealized Losses for the Period Included in the Change in Net Assets Relating to Investments Still Held at End of Reporting Period	$	(46,858)

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from 1.14% to 2.74% at August 31, 2019. The following is a summary of the Foundation's contributions receivable at August 31, 2019:

Total Amounts Due in:		
Within One Year	$	1,432,174
One to Five Years		1,320,000
More than Five Years		-
Gross Contributions Receivable		2,752,174
Less Allowance for Doubtful Accounts		(157,988)
Less Discount to Present Value		(42,739)
Contributions Receivable, Net	$	2,551,447

For contributions receivable at August 31, 2019, there were five donors who have contributions outstanding of approximately $2,090,000. Combined, these represent approximately 76% of gross receivables at August 31, 2019.

NOTE 6 SPLIT-INTEREST AGREEMENTS

Charitable Gift Annuities

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 the beneficiary of seven of these agreements. Accordingly, contribution revenue with donor restrictions and the related assets are recognized at fair value in the period in which the Foundation received notice that the agreements convey unconditional rights to receive benefits. Subsequent changes in value of the underlying assets are recorded in the accompanying statement of activities as the change in value of split-interest agreements.

The Foundation's beneficial interest under split-interest agreements totaled $443,663 at August 31, 2019. The Foundation was the recipient of additional gifts as of August 31, 2019 valued at $58,535.

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

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling $393,195 were paid 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 $7,500 for the year ended August 31, 2019, which is recorded in the accompanying statement of activities as other income.

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Amounts due from and to related entities are as follows:

Due from National Organization	$	124,094
Due from Other Chapters		4,920
Total Due from Related Entities	$	129,014
Due to Other Chapters	$	112,998
Total Due to Related Entities	$	112,998

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 contributions and services.

During 2019, the Foundation received contributions, both cash and in-kind, from board members totaling $718,670. As of August 31, 2019, amounts due from board members totaled $595,000, and are included in contributions receivable in the accompanying statement of financial position. Amounts paid to related parties for goods and services used in the Foundation's operations totaled $18,347 in 2019.

NOTE 8 PROPERTY AND EQUIPMENT, NET

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

Land and Land Improvements	$	2,447,060
Buildings and Building Improvements		6,446,677
Computer Equipment and Software		119,342
Office Furniture		99,497
Other Equipment		99,472
Total		9,212,048
Less Accumulated Depreciation and Amortization		(2,052,002)
Property and Equipment, Net	$	7,160,046

Depreciation and amortization expense totaled $279,391 for the year ended August 31, 2019.

NOTE 9 REVOLVING LINE OF CREDIT

The Foundation has a secured, revolving line of credit with a financial institution totaling $1,000,000, bearing interest at Prime Rate (as published in the Wall Street Journal) less 0.25%, which was 5.0% at August 31, 2019, and matures on February 28, 2021. There was $-0- outstanding on this line of credit as of August 31, 2019. The line of credit is subject to various financial and nonfinancial covenants.

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	$ 1,942,244
Total Board Designated Net Assets	$ 1,942,244

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:	
Pledges outstanding for program, net of discount	$ 1,016,142
Pledges outstanding for endowment, net of discount	831,119
Pledge - Wish granting in-kind	148,220
Grant for specific purpose	5,000
Total	2,000,481
Subject to the Passage of Time:	
Assets Held under Split-Interest Agreements	443,663
Total	443,663
Endowments:	
Subject to Endowment Spending Policy and Appropriation:	
Earnings on Endowment Funds	343,674
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity	
Endowment Fund - Program	748,000
Endowment Fund - Facilities	820,000
Total Endowments	1,911,674
Total Net Assets with Donor Restrictions	$ 4,355,818

NOTE 10 NET ASSETS (CONTINUED)

Net Assets Released from Donor Restrictions

Net assets with donor restrictions were released for the following purposes or periods as of August 31, 08/31/19:

Satisfaction of Purpose Restrictions:		
Pledged In-kind used on wishes - GKTW	$	186,966
Pledge payments used for program		220,000
Total		406,966
Restricted-Purpose Spending-Rate Distributions and Appropriations:		
Program		51,694
Facilities		18,906
Total		70,600
Total Net Assets Released from Donor Restrictions	$	477,566

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 six 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.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the New Jersey 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:

NOTE 11 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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
Board-Designated Endowment Funds	$ 1,942,244	$ -	$ 1,942,244
Donor-Restricted Endowment Funds			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	1,568,000	1,568,000
Accumulated Investment Gains	-	343,674	343,674
Total Funds	$ 1,942,244	$ 1,911,674	$ 3,853,918

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	$ 2,007,165	$ 1,734,662	$ 3,741,827
Investment Return, Net	31,352	42,612	73,964
Contributions	-	205,000	205,000
Appropriation of Endowment Asset for Expenditure	(96,273)	(70,600)	(166,873)
Endowment Funds - End of Year	$ 1,942,244	$ 1,911,674	$ 3,853,918

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.

NOTE 11 ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified periods as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 6.5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 6.5% 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 403b defined contribution retirement plan which, upon approval of the board of directors, was frozen on December 31, 2015. Employees were eligible for participation as of their dates of employment and elected to defer a percentage of their salary subject to certain IRC limitations. The Foundation did not make any matching contributions to the 403b plan.

In August 2015, the board of directors approved a plan to adopt the Extensis Retirement Savings Plan (the Plan), the 401k defined contribution plan of its professional employer organization, which provides payroll and human resources services. This change occurred on January 1, 2016. Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of six months 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 4% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2019 were $50,425.

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 $1,349,903 were received from a single donor for the year ended August 31, 2019, which represents 14% 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 595 wishes which was a 6% increase over the prior year. As of the end of the year, there were approximately 373 children who are eligible for a wish. The average cost of a wish for the fiscal year was $6,664 in cash and $4,720 in in-kind for a total of $11,384.

NOTE 15 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 5, 2019, the date at which the financial statements were available to be issued.