

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2019

**MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
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YEAR ENDED AUGUST 31, 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Central & South Texas
Austin, Texas

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Central & South Texas, 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 audits to obtain reasonable assurance about whether the financial statements are free from 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 control 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 control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
Make-A-Wish Foundation® of Central & South Texas

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 Central & South Texas as of August 31, 2019, and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Make-A-Wish Foundation® of Central & South Texas 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 Central & South Texas 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

Minneapolis, Minnesota
December 18, 2019

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019

ASSETS

Cash and Cash Equivalents	\$	1,088,572
Due from Related Entities		88,702
Prepaid Expenses		236,874
Contributions Receivable, Net		694,951
Other Assets		4,475
Property and Equipment, Net		130,378
Beneficial Interest in Assets Held by Others		<u>15,757</u>
Total Assets	\$	<u><u>2,259,709</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$	313,734
Due to Related Entities		13,027
Tenant Improvements Allowance		12,000
Deferred Rent		7,921
Capital Lease Obligations		<u>19,279</u>
Total Liabilities		365,961

NET ASSETS

Without Donor Restrictions		1,196,040
With Donor Restrictions		<u>697,708</u>
Total Net Assets		<u>1,893,748</u>
Total Liabilities and Net Assets	\$	<u><u>2,259,709</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 3,977,659	\$ 561,226	\$ 4,538,885
Grants	292,950	-	292,950
Total Public Support	4,270,609	561,226	4,831,835
Internal Special Events	637,225	132,902	770,127
Less: Costs of Direct Benefits to Donors	(120,049)	-	(120,049)
Total Special Events	517,176	132,902	650,078
Investment Income, Net	3,433	-	3,433
Change in Value of Beneficial Interest in Assets Held by Others	-	757	757
Other Income	11,911	-	11,911
Net Assets Released from Restrictions	148,979	(148,979)	-
Total Revenues, Gains, and Other Support	4,952,108	545,906	5,498,014
EXPENSES			
Program Services:			
Wish Granting	4,247,732	-	4,247,732
Total Program Services	4,247,732	-	4,247,732
Support Services:			
Fundraising	586,182	-	586,182
Management and General	447,487	-	447,487
Total Support Services	1,033,669	-	1,033,669
Total Program and Support Services Expense	5,281,401	-	5,281,401
CHANGE IN NET ASSETS	(329,293)	545,906	216,613
Net Assets - Beginning - Before Change in Accounting Policy	(1,437,351)	151,802	(1,285,549)
Change in Accounting Policy	2,962,684	-	2,962,684
Net Assets - Beginning of Year - As Adjusted	1,525,333	151,802	1,677,135
NET ASSETS - END OF YEAR	\$ 1,196,040	\$ 697,708	\$ 1,893,748

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

	Program	Support Services			Direct	Total
	Services					
	Wish		Management	Total Support	Donor Benefits	
	Granting	Fundraising	and General	Services		
Direct Costs of Wishes	\$ 3,298,076	\$ -	\$ -	\$ -	\$ -	\$ 3,298,076
Salaries, Taxes, and Benefits	658,516	323,333	286,422	609,755	-	1,268,271
Printing, Subscriptions, and Publications	2,731	9,003	1,719	10,722	-	13,453
Professional Fees	4,433	33,465	81,720	115,185	-	119,618
Rent and Utilities	64,608	29,471	19,269	48,740	-	113,348
Postage and Delivery	2,476	1,925	724	2,649	-	5,125
Travel	8,095	9,553	2,873	12,426	-	20,521
Meetings and Conferences	9,462	13,506	15,649	29,155	-	38,617
Office Supplies	17,823	1,210	6,201	7,411	-	25,234
Communications	13,355	6,025	3,630	9,655	-	23,010
Advertising and Media (Cash)	-	7,704	-	7,704	-	7,704
Advertising and Media (In-Kind)	-	94,692	6	94,698	-	94,698
Repairs and Maintenance	444	202	132	334	-	778
Insurance	-	5,449	-	5,449	-	5,449
Membership Dues	-	275	-	275	-	275
National Partnership Dues	131,466	16,641	18,305	34,946	-	166,412
Miscellaneous	21,042	26,792	6,302	33,094	-	54,136
Depreciation and Amortization	15,205	6,936	4,535	11,471	-	26,676
Special Event Expenses	-	-	-	-	120,049	120,049
Total	<u>4,247,732</u>	<u>586,182</u>	<u>447,487</u>	<u>1,033,669</u>	<u>120,049</u>	<u>5,401,450</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(120,049)</u>	<u>(120,049)</u>
 Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 4,247,732</u>	<u>\$ 586,182</u>	<u>\$ 447,487</u>	<u>\$ 1,033,669</u>	<u>\$ -</u>	<u>\$ 5,281,401</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	216,613
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization		26,676
Change in Value of Beneficial Interest in Assets Held by Others		(757)
Loss on Sale of Property and Equipment		100
Contributed Property and Equipment		(76,928)
(Increase) Decrease in Assets:		
Contributions Receivable		(545,449)
Due from Related Entities		24,636
Prepaid Expenses		(204,897)
Other Assets		16,155
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses		(30,361)
Due to Related Entities		(20,767)
Tenant Improvements Allowance		(6,000)
Deferred Rent		549
Net Cash Used by Operating Activities		<u>(600,430)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property and Equipment		(20,815)
Purchase of Beneficial Interest in Assets Held by Others		<u>(15,000)</u>
Net Cash Used by Investing Activities		(35,815)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal Payments on Capital Lease Obligations		<u>(4,528)</u>
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NET DECREASE IN CASH AND CASH EQUIVALENTS

(640,773)

Cash and Cash Equivalents - Beginning of Year

1,729,345

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 1,088,572

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid for Interest on Capital Lease	\$	378
Contributed Property and Equipment		76,928
Acquisition of Equipment with Capital Lease		18,400

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Central & South Texas (the Foundation) is a Texas nonprofit corporation, organized for the purpose of creating life changing wishes for children with critical illnesses. The Foundation is an independent 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.

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.

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 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 10 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.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

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.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

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.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

Revenue Recognition

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

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

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:

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Wish Related	\$ 1,882,227	\$ -	\$ -	\$ 1,882,227
Rent	10,465	4,774	3,121	18,360
Advertising and Media	-	94,692	6	94,698
Other	6,475	2,944	4,083	13,502
Total	<u>\$ 1,899,167</u>	<u>\$ 102,410</u>	<u>\$ 7,210</u>	2,008,787
Special Events				20,695
In-Kind Rent Receivable				32,130
Property and Equipment (Capitalized)				76,928
Total				<u>\$ 2,138,540</u>

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.

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 is 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 Texas taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 171.063 of the Texas Tax 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.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

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 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 \$9,061 at August 31, 2019.

Management Estimates

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

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 restriction as of September 1, 2018 have increased by \$2,962,684.

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	\$ 1,887,982
Donor Imposed Restrictions:	
Restricted Funds	(697,708)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,190,274

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.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

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)	Total
Assets				
Nonrecurring:				
Beneficial Interest in Assets				
Held by Others	\$ -	\$ -	\$ 15,757	\$ 15,757
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,757</u>	<u>\$ 15,757</u>

The Foundation does not develop unobservable inputs for Level 3 assets, rather, fair value is determined by asset values reported by third party community foundations.

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

Beginning Balance	\$ -
Purchases	15,000
Change in Value of Beneficial Interest in Assets Held by Others	757
Ending Balance	<u>\$ 15,757</u>

Beneficial Interest in Assets Held by Others

As of August 31, 2019, the Foundation had a beneficial interest in assets held by others of \$15,757. This interest consists of funds contributed to a community foundation. An endowment agreement has been signed with the community foundation. Distributions from the community foundation are made in accordance with the spending policies adopted by the board of directors of the community foundation. The community foundation has variance power as it relates to these assets. The beneficial interest in assets held by others consists of funds contributed and the earnings thereon, net of distributions received, and is classified as net assets with donor restrictions in the statements of financial position.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 5 CONTRIBUTIONS RECEIVABLE

The Foundation’s contributions receivable at August 31, 2019 were \$694,951 of which 66% is due from two donors. Contributions receivable include pledges that have been discounted at rates ranging from 3.9% to 5.1%. The following is a summary of the Foundation’s contributions receivable at August 31, 2019:

Total Amounts Due in:	
One Year	\$ 525,310
Two to Five Years	186,557
Gross Contributions Receivable	711,867
Less: Discount to Present Value	(16,916)
Contributions Receivable, Net	\$ 694,951

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

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the year ended August 31, 2019, the Foundation received \$584,795 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 did not receive any funds 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 Make-A-Wish Foundation of America pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$268,829 was 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 \$12,000 for the year ended August 31, 2019 which is recorded in the accompanying statement of activities as other income.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 6 TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Amounts due from and to related entities are as follows:

Balance - August 31, 2019:	
Due from National Organization	\$ 67,724
Due from Other Chapters	20,978
Total Due from Related Entities	<u>\$ 88,702</u>
Due to National Organization	\$ 4,932
Due to Other Chapters	8,095
Total Due to Related Entities	<u>\$ 13,027</u>

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 \$152,443. In 2019, amounts due from board members totaled \$42,000, 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 consists of the following:

Computer Equipment and Software	\$ 107,242
Office Furniture	95,867
Leasehold Improvements	45,232
Total	<u>248,341</u>
Less: Accumulated Depreciation and Amortization	<u>(117,963)</u>
Property and Equipment, Net	<u>\$ 130,378</u>

Depreciation and amortization expense totaled \$26,676 for the year ended August 31, 2019.

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NOTE 8 LEASES

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through August 2021. As of August 31, 2019, the cost of leased property and equipment under capital leases was \$37,141, and accumulated depreciation was \$18,096. Total rent expense for all operating leases for the year ended August 31, 2019 totaled \$95,766 and \$18,360 in donated rent.

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

<u>Year Ending August 31,</u>	<u>Operating Leases</u>	<u>Capital Leases</u>
2020	\$ 100,661	\$ 5,286
2021	98,458	4,146
2022	-	4,146
2023	-	4,146
2024	-	4,146
Thereafter	-	691
Total Minimum Lease Payments	<u>199,119</u>	<u>22,561</u>
Less: Amounts Representing Interest	-	(3,282)
Present Value of Net Minimum Lease Payments	<u>\$ 199,119</u>	<u>\$ 19,279</u>

NOTE 9 NET ASSETS

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

Subject to Expenditure for Specified Purpose:	
Fundraising Events	\$ 130,000
Wish Granting	320,930
Total	<u>450,930</u>
Subject to Passage of Time:	
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	231,021
Total	<u>231,021</u>
Endowments:	
Subject to Endowment Spending Policy and Appropriation:	
Earnings on Endowment Funds	757
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:	
Mary C. Freeman Endowment	15,000
Total	<u>15,757</u>
Total Donor Restricted Net Assets	<u>\$ 697,708</u>

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NOTE 10 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan upon date of hire. 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 \$24,898.

NOTE 11 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 Federal Deposit Insurance Corporation (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 \$1,361,863 were received from a single donor for the year ended August 31, 2019, which represents 28% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 12 COMMITMENTS

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal year ended August 31, 2019, the Foundation granted 305 wishes. As of the end of the year, there were approximately 440 wish children who are eligible for a wish. The average cost of a wish for the fiscal year was \$5,450 in cash and \$5,713 in in-kind for a total cost of \$11,163.

NOTE 13 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 18, 2019, the date at which the financial statements were available to be issued.