MAKE-A-WISH FOUNDATION® OF
THE TEXAS GULF COAST AND LOUISIANA

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2019

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of the Texas
Gulf Coast and Louisiana
Stafford, Texas

We have audited the accompanying financial statements of Make-A-Wish Foundation® of the Texas Gulf Coast and Louisiana, 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.

Board of Directors
Make-A-Wish Foundation® of the Texas
Gulf Coast and Louisiana

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 the Texas Gulf Coast and Louisiana 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 the Texas Gulf Coast and Louisiana 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 the Texas Gulf Coast and Louisiana 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

Minneapolis, Minnesota
August 31, 2020

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019

ASSETS

Cash and Cash Equivalents	$ 526,766
Investments	4,012,547
Due from Related Entities	98,151
Prepaid Expenses	194,912
Contributions Receivable, Net	328,686
Other Assets	12,724
Split-Interest Agreements	263,054
Investments Held for Long-Term Purposes	10,020,853
Property and Equipment, Net	2,543,713
Total Assets	$ 18,001,406

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts Payable and Accrued Expenses	$ 518,673
Due to Related Entities	81,788
Total Liabilities	600,461
NET ASSETS	
Without Donor Restrictions	6,783,711
With Donor Restrictions	10,617,234
Total Net Assets	17,400,945
Total Liabilities and Net Assets	$ 18,001,406

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	$ 4,562,563	$ 1,116,659	$ 5,679,222
Grants	217,096	12,700	229,796
Total Public Support	4,779,659	1,129,359	5,909,018
Investment Income, Net	8,976	348,369	357,345
Other Income	33,476	-	33,476
Net Assets Released from Restrictions	215,797	(215,797)	-
Total Revenues, Gains, and Other Support	5,037,908	1,261,931	6,299,839
EXPENSES			
Program Services:			
Wish Granting	5,845,453	-	5,845,453
Total Program Services	5,845,453	-	5,845,453
Support Services:			
Fundraising	163,073	-	163,073
Management and General	251,620	-	251,620
Total Support Services	414,693	-	414,693
Total Program and Support Services Expenses	6,260,146	-	6,260,146
OTHER (GAINS) LOSSES			
Change in Split-Interest Agreements	-	17,230	17,230
Total Expenses and (Gains) Losses	6,260,146	17,230	6,277,376
CHANGE IN NET ASSETS	(1,222,238)	1,244,701	22,463
Net Assets - Beginning of Year - Before Change in Accounting Policy	4,520,808	9,372,533	13,893,341
Change in Accounting Policy	3,485,141	-	3,485,141
Net Assets - Beginning of Year - As Adjusted	8,005,949	9,372,533	17,378,482
NET ASSETS - END OF YEAR	$ 6,783,711	$ 10,617,234	$ 17,400,945

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2019

	Program Services	Support Services			
	Wish Granting	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	$ 5,170,991	$ -	$ -	$ -	$ 5,170,991
Salaries, Taxes, and Benefits	483,528	102,349	185,649	287,998	771,526
Printing, Subscriptions, and Publications	-	3,401	-	3,401	3,401
Professional Fees	2,854	1,902	14,751	16,653	19,507
Rent and Utilities	22,790	7,100	7,471	14,571	37,361
Postage and Delivery	3,525	2,995	1,151	4,146	7,671
Travel	5,034	1,669	1,648	3,317	8,351
Meetings and Conferences	4,619	2,488	1,314	3,802	8,421
Office Supplies	4,724	1,034	1,074	2,108	6,832
Communications	5,911	1,841	1,938	3,779	9,690
Repairs and Maintenance	3,097	968	1,012	1,980	5,077
National Partnership Dues	49,988	6,960	6,328	13,288	63,276
Miscellaneous	9,405	5,764	3,387	9,151	18,556
Depreciation and Amortization	78,987	24,602	25,897	50,499	129,486
Total Expenses Included in the Expense Section of the Statement of Activities	$ 5,845,453	$ 163,073	$ 251,620	$ 414,693	$ 6,260,146

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 22,463
Adjustments to Reconcile Change in Net Assets to Net Cash	
Used by Operating Activities:	
Depreciation and Amortization	129,486
Contributions Restricted for Long-Term Investment	(800,675)
Net Realized and Unrealized Gains on Investments	(40,662)
Contributed Property and Equipment, Inventory, and Investments	(78,503)
Change in Value of Split-Interest Agreements	17,230
Changes in Assets and Liabilities:	
Contributions Receivable, Net	(112,889)
Due from Related Entities	(7,655)
Prepaid Expenses	(184,014)
Other Assets	575
Accounts Payable and Accrued Expenses	(46,423)
Due to Related Entities	53,880
Net Cash Used by Operating Activities	(1,047,187)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(13,322,357)
Proceeds from Sales of Investments	13,131,284
Purchases of Property and Equipment	(1,275)
Net Cash Used by Investing Activities	(192,348)
CASH FLOWS FROM FINANCING ACTIVITIES	
Contributions Restricted for Long-Term Investment	796,725
Net Cash Provided by Financing Activities	796,725
NET DECREASE IN CASH AND CASH EQUIVALENTS	(442,810)
Cash and Cash Equivalents - Beginning of Year	969,576
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 526,766
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Donated Property and Equipment, Inventory, and Investments	$ 78,503

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of the Texas Gulf Coast and Louisiana (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 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 $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 2 to 30 years. 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.

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

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

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	$ 2,524,632	$ -	$ -	$ 2,524,632
Professional Services	-	-	9,500	9,500
Other	9,652	6,534	3,885	20,071
Total	$ 2,534,284	$ 6,534	$ 13,385	2,554,203
Investments (Asset)				5,314
Property and Equipment (Capitalized)				73,189
Total				$ 2,632,706

Income Taxes

The Foundation is a nonprofit organization exempt from federal income taxes under the provisions of Internal Revenue Code (IRC) 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.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

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.

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 Policy – 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 restriction as of September 1, 2018 have increased by $3,485,141.

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	$ 15,250,057
Donor-Imposed Restrictions:	
Restricted Funds	(592,431)
Endowments	(10,024,803)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 4,632,823

Our endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

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

Investments

Overall Investment Objective

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Foundation diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the board's investment committee, which oversees the Foundation's investment program in accordance with established guidelines.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy

The following table presents the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis, except those measured at cost, 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:				
Recurring:				
Investments:				
Mutual Funds	$ 724,378	$ -	$ -	$ 724,378
Exchange-Traded Funds	1,208,667	-	-	1,208,667
Equity Securities	7,132,215	-	-	7,132,215
Debt Securities	4,350,563	-	-	4,350,563
Cash	-	-	-	617,577
Total Recurring	13,415,823	-	-	14,033,400
Nonrecurring:				
Split-Interest Agreements	-	-	263,054	263,054
Total Nonrecurring	-	-	263,054	263,054
Total	$ 13,415,823	$ -	$ 263,054	$ 14,296,454

For the valuation of Level 3 investments at August 31, 2019, the Foundation used significant unobservable inputs as follows:

Quantitative Information About Level 3 Fair Value Measurements

Type of Investments	Fair Value at August 31, 2019	Valuation Technique
Split-Interest Agreements Consisting of Cash Equivalents, Equities, Fixed Income Securities, and Alternative Investments	$ 263,054	Present value of the expected future amount to be received
Total	$ 263,054	

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	$ 280,284
Change in Split-Interest Agreements	(17,230)
Ending Balance	$ 263,054

NOTE 5 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2019 were $328,686, which are due from one donor. All contributions receivable are due within the next 12 months. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2019.

NOTE 6 SPLIT-INTEREST AGREEMENTS

Beneficial Interest in Trusts

The Foundation is a named income beneficiary in a perpetual trust, the corpus of which is not controlled by the management of the Foundation. Under this arrangement, the Foundation has the irrevocable right to receive a portion of the income earned on the underlying assets held in perpetuity. Accordingly, permanently restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation received notice that the trust agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets have been recorded in the accompanying statement of activities as a component of change in value of split-interest agreements with donor restrictions.

The Foundation's beneficial interest in the trust is $209,604 as of August 31, 2019.

Charitable Trusts

The Foundation is named as a beneficiary in an irrevocable charitable remainder trust held by a third-party trustee. At the date the remainder trust was established, a beneficial interest in trust and temporarily restricted contribution revenue was recognized for the present value of the estimated future benefits to be received when the trust assets are distributed. The beneficial interest is adjusted during the term of the trust for changes in the value of the assets. The beneficial interest in the remainder trust is calculated using a discount rate of 4.43%, a rate of return of 5%, and Internal Revenue Service (IRS) mortality tables.

The Foundation's beneficial interest in the trust is $53,450 as of August 31, 2019.

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the year ended August 31, 2019, the Foundation received $1,024,257 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. The Foundation has not contributed to or received funds from the Wish Fulfillment Fund during the year ended August 31, 2019.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling $75,004 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. The Foundation does not charge wish assist fees to other chapters.

Amounts due from and to related entities are as follows:

Balance - August 31:		
Due from National Organization	$	98,151
Total Due from Related Entities	$	98,151
Due to National Organization	$	5,011
Due to Other Chapters		76,777
Total Due to Related Entities	$	81,788

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 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 $351,250. As of August 31, 2019, there were no amounts due from board members. There were no amounts paid to related parties for goods and services used in the Foundation's operations in 2019. There were no amounts due to related parties as of August 31, 2019.

NOTE 8 PROPERTY AND EQUIPMENT, NET

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

Land	$ 630,000
Buildings and Building Improvements	2,305,311
Computer Equipment and Software	10,125
Office Furniture	226,516
Total	3,171,952
Less: Accumulated Depreciation and Amortization	(628,239)
Property and Equipment, Net	$ 2,543,713

Depreciation and amortization expense totaled $129,486 for the year ended August 31, 2019.

NOTE 9 NET ASSETS

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:	
Wish Granting	$ 328,685
MAWFA Grant	692
Total	329,377
Subject to Passage of Time:	
Assets Held under Split Interest Agreements	53,450
Total	53,450
Endowments:	
Subject to Endowment Spending Policy and Appropriation:	
Earnings on Endowment Funds	2,114,773
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:	
Wish Granting and Building Maintenance	7,906,080
Promises to Give Restricted to Endowment	3,950
Total Endowments	10,024,803
Not Subject to Spending Policy:	
Assets Held under Split-Interest Agreements	209,604
Total Donor Restricted Net Assets	$ 10,617,234

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 31 individual funds at August 31, 2019 established for a variety of purposes including granting wishes and building maintenance. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets which are donor-restricted 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 Texas UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor-restricted net assets: (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulated earnings on the donor-restricted endowment funds. The accumulated earnings on the endowment funds remain treated as donor-restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Endowment fund composition by type of fund as of August 31, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	$ -	$ 10,024,803	$ 10,024,803

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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	$ -	$ 8,875,760	$ 8,875,760
Investment Return:			
Investment Income	-	348,369	348,369
Contributions	-	800,674	800,674
Endowment Funds - End of Year	$ -	$ 10,024,803	$ 10,024,803

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

During the fiscal year, the Foundation's endowment assets were transferred to a separate investment account so that endowment assets were no longer commingled with its unrestricted investments. Both investment accounts fall under the Foundation's investment policy. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of directors, the overall investment objectives of the Foundation are to balance long-term capital appreciation with capital preservation. The asset value, exclusive of contributions or withdrawals, shall grow in the long term through a combination of investment income and capital appreciation at a rate of return comparative to the benchmarks set forth in the Foundation's investment policy based on the asset category mix, while avoiding excessive risk. The Foundation does not have a specified average rate of return expectation.

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 allows its endowment donors to determine if distributions are to be made out of earnings annually or once the individual endowment has reached a certain net asset amount.

NOTE 11 RETIREMENT PLAN

The Foundation has a defined contribution 401(k) plan (the Plan). Employees are eligible for participation in the Plan upon completion of an employee training period. 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 at 100% up to 6% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2019 were $21,568.

The Foundation also has a 457 plan established for certain full-time employees not excluded by the terms of the plan document. The amount of contributions to the participant's account will equal the amount by which the participant has reduced his/her compensation for the plan year, pursuant to his/her salary reduction agreement plus any matching contributions and employer discretionary contributions. During the year ended August 31, 2019, employer discretionary contributions to the plan were recorded as expenses of $25,141 to establish a liability for the future obligation. Participants become fully vested at age 65.

NOTE 12 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash, cash equivalents, and investments. The Foundation places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the 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 $1,540,509 were received from a single donor for the year ended August 31, 2019, respectively, which represents 27% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 13 LITIGATION AND CLAIMS

The Foundation is periodically 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 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 525 wishes. As of the end of the year, there were approximately 800 number of wish children who are eligible for a wish. The average cost of a wish for the fiscal year was $5,484 in cash and $4,645 in in-kind for a total cost of $10,129.

NOTE 15 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through August 31, 2020, the date at which the financial statements were available to be issued.

During the period from January 1, 2020, through August 31, 2020, both domestic and international equity markets have experienced large declines due to Coronavirus Disease 2019 (COVID-19). In addition, travel restrictions may have a significant impact on the ability to grant certain types of wishes. This will impact certain wish related expenses. In addition, the Foundation has delayed certain fundraising events scheduled for the fiscal year 2020 to fiscal year 2021. These losses are not included in the financial statements as of and for the year ended August 31, 2019.