

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2019**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of East Tennessee  
Chattanooga, Tennessee

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

**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 East Tennessee as of August 31, 2019, and change 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 Matters**

As discussed in Note 2 to the financial statements, the Make-A-Wish Foundation® of East Tennessee 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 East Tennessee 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**

Phoenix, Arizona  
January 21, 2020

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2019**

**ASSETS**

Cash and Cash Equivalents	\$	126,268
Investments		108,131
Due from Related Entities		6,885
Prepaid Expenses		56,176
Contributions Receivable, Net		108,114
Other Assets		1,065
Property and Equipment, Net		<u>14,668</u>
Total Assets	\$	<u><u>421,307</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable and Accrued Expenses	\$	29,643
Due to Related Entities		3,115
Note Payable		4,117
Total Liabilities		<u>36,875</u>

**NET ASSETS**

Without Donor Restrictions		276,318
With Donor Restrictions		<u>108,114</u>
Total Net Assets		<u><u>384,432</u></u>
Total Liabilities and Net Assets	\$	<u><u>421,307</u></u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions	\$ 715,877	\$ 108,114	\$ 823,991
Grants	158,031	-	158,031
Total Public Support	873,908	108,114	982,022
Internal Special Events	164,378	-	164,378
Less Costs of Direct Benefits to Donors	(32,535)	-	(32,535)
Total Special Events	131,843	-	131,843
Investment Income, Net	2,638	-	2,638
Other Income	5,400	-	5,400
Net Assets Released from Restrictions	93,013	(93,013)	-
Total Revenues, Gains, and Other Support	1,106,802	15,101	1,121,903
<b>EXPENSES</b>			
Program Services:			
Wish Granting	823,467	-	823,467
Total Program Services	823,467	-	823,467
Support Services:			
Fundraising	132,969	-	132,969
Management and General	139,885	-	139,885
Total Support Services	272,854	-	272,854
Total Expenses	1,096,321	-	1,096,321
<b>CHANGE IN NET ASSETS</b>	10,481	15,101	25,582
Net Assets - Beginning of Year - Before Change in Accounting Policy	(426,556)	93,013	(333,543)
Change in Accounting Policy	692,393	-	692,393
Net Assets - Beginning of Year	265,837	93,013	358,850
<b>NET ASSETS - END OF YEAR</b>	\$ 276,318	\$ 108,114	\$ 384,432

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2019**

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 576,919	\$ -	\$ -	\$ -	\$ -	\$ 576,919
Salaries, Taxes, and Benefits	155,694	82,922	57,028	139,950	-	295,644
Printing, Subscriptions, and Publications	2,037	1,692	802	2,494	-	4,531
Professional Fees	983	2,864	51,478	54,342	-	55,325
Rent and Utilities	22,038	11,643	7,900	19,543	-	41,581
Postage and Delivery	2,503	1,505	1,482	2,987	-	5,490
Travel	8,685	5,230	7,614	12,844	-	21,529
Meetings and Conferences	1,208	6,384	2,432	8,816	-	10,024
Office Supplies	5,619	1,035	779	1,814	-	7,433
Communications	4,230	2,231	1,577	3,808	-	8,038
Repairs and Maintenance	1,588	840	568	1,408	-	2,996
Insurance	61	32	452	484	-	545
Membership Dues	378	600	176	776	-	1,154
National Partnership Dues	33,389	4,226	4,649	8,875	-	42,264
Miscellaneous	4,781	9,993	1,746	11,739	-	16,520
Depreciation and Amortization	3,354	1,772	1,202	2,974	-	6,328
Special Event - Direct Donor Benefits	-	-	-	-	32,535	32,535
Total	823,467	132,969	139,885	272,854	32,535	1,128,856
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(32,535)	(32,535)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 823,467	\$ 132,969	\$ 139,885	\$ 272,854	\$ -	\$ 1,096,321

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED AUGUST 31, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$	25,582
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization		6,328
Net Realized and Unrealized Losses on Investments		1,132
Contributed Inventory		(1,065)
(Increase) Decrease in Assets:		
Contributions Receivable		(18,621)
Due from Related Entities		7,700
Prepaid Expenses		(49,616)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses		9,497
Due to Related Entities		(2,281)
Net Cash Used by Operating Activities		<u>(21,344)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Investments		(10,329)
Proceeds from Sales of Investments		6,508
Net Cash Used by Investing Activities		<u>(3,821)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Principal Payments on Note Payable		<u>(1,345)</u>
Net Cash Used by Financing Activities		<u>(1,345)</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS**

(26,510)

Cash and Cash Equivalents - Beginning of Year

152,778

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 126,268

**SUPPLEMENTAL CASH FLOW INFORMATION**

Cash Paid for Interest	\$	<u>194</u>
Contributed Inventory	\$	<u>1,065</u>



**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

**NOTE 1 ORGANIZATION**

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted 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 net assets without donor restrictions 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 three to seven years.

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment, Net (Continued)**

Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances indicate a long-lived asset may be impaired, the asset value will be reduced to fair value. Fair value is determined through various valuation techniques including quoted market values and third-party independent appraisals, as considered necessary.

**Fair Value Measurements**

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

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

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

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

*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 EAST TENNESSEE**  
**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 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.

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**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 and services that are included in the accompanying statement of activities as follows at August 31, 2019:

	Programs	Fundraising	Management and General	Total
Wish Related	\$ 326,325	\$ -	\$ -	\$ 326,325
Professional Services	-	-	1,800	1,800
Other	-	-	545	545
	<u>\$ 326,325</u>	<u>\$ -</u>	<u>\$ 2,345</u>	<u>328,670</u>
Inventory (Asset)				1,065
Total				<u>\$ 329,735</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.

**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) and state income taxes under Title 48, Chapter 101, paragraph 501 of the Tennessee Code. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

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

**Functional Expenses**

The Foundation performs three functions: wish granting, fundraising, and management and general. Definitions of these functions are as follows:

**Wish Granting**

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

**Fundraising**

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal year ended August 31, 2019, the Foundation incurred no significant joint costs for activities that included fundraising appeals.

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Expenses (Continued)**

**Management and General**

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

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

**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. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, valuation of contributions receivable and in-kind contributions, accrued pending wish costs, net of attrition, allocation of functional expenses and whether an allowance for uncollectible contributions receivable is required.

**Change in Accounting Principle – Adoption of ASU 2016-14**

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

**Change in Accounting Policy – Pending Wish Liability**

Through the fiscal year ended August 31, 2018, the Foundation accrued for estimated costs of reportable pending wishes when five certain, measurable wish criteria were met. This accrual did not represent a legally binding liability but was considered a moral obligation to the child by the Foundation arising when the five criteria were met. Given the changes to the wish granting environment that have occurred in recent years, the Foundation determined that the calculation was no longer representative of the future obligations. The Foundation remains committed to its mission. Please see the commitment footnote for details about future wish granting obligations. As a result of this change in accounting principle, net assets without restrictions as of September 1, 2018 have increased by \$692,393.

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

**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	\$	349,398
Donor Imposed Restrictions:		
Restricted Funds		(108,114)
Net Financial Assets after Donor-Imposed Restrictions		241,284
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$	241,284

**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.

**Investments**

**Overall Investment Objective**

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

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

Allocation of Investment Strategies

At August 31, 2019, all of the Foundation’s investments were held in either money market accounts or publically traded mutual funds classified within Level 1 of the fair value hierarchy. All investments held at August 31, 2019 are redeemable on a daily basis.

**Fair Value Hierarchy**

The following table presents the placement in the fair value hierarchy of assets and liabilities 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	\$ 108,131	\$ -	\$ -	\$ 108,131
Total	<u>\$ 108,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,131</u>

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

The Foundation’s contributions receivable as of August 31, 2019 was \$108,114. All contributions receivable are due within the next twelve 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 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 \$213,017 from these national revenue streams.

As part of the National Organization’s Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation received \$50,000 under this program during the year ended August 31, 2019.

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

**NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)**

Conversely, the Foundation pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation and for services provided to the Foundation. Amounts totaling \$82,062 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 Foundation received \$5,400 for the year ended August 31, 2019, which is recorded in the accompanying statement of activities as other income.

Amounts due from and to related entities are as follows:

Balance - August 31:	
Due from National Organization	\$ 6,885
Due from Other Chapters	-
Total Due from Related Entities	<u>\$ 6,885</u>
Due to National Organization	\$ 396
Due to Other Chapters	2,719
Total Due to Related Entities	<u>\$ 3,115</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 \$50,336.

**NOTE 7 PROPERTY AND EQUIPMENT, NET**

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

Computer Equipment and Software	\$ 29,296
Office Furniture	7,329
Leasehold Improvements	18,769
Total	<u>55,394</u>
Less: Accumulated Depreciation and Amortization	<u>(40,726)</u>
Property and Equipment, Net	<u>\$ 14,668</u>

Depreciation and amortization expense totaled \$6,328 for the year ended August 31, 2019.



**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

**NOTE 8 NOTE PAYABLE**

On May 22, 2015, the Foundation entered into a note payable totaling \$9,385. The note bears interest at 4%, requires payments in equal monthly installments of \$128, and matures on June 30, 2022. The remaining principal payments subsequent to August 31, 2019 are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2020	\$ 1,400
2021	1,458
2022	1,259
Total	<u>\$ 4,117</u>

**NOTE 9 LEASES**

The Foundation is obligated under an operating lease for office space, which expires in June 2022. Total rent expense for the operating lease for the year ended August 31, 2019 totaled \$37,802.

Future minimum lease payments under the operating lease which has remaining terms in excess of one year are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2020	\$ 36,000
2021	36,000
2022	30,000
Total Minimum Lease Payments	<u>\$ 102,000</u>

**NOTE 10 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	\$ 108,114
Total Donor Restricted Net Assets	<u>\$ 108,114</u>

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

**NOTE 11 RETIREMENT PLAN**

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service (1,000 hours). 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 6% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2019 was \$4,536.

**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 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 \$190,678 were received from a single donor for the year ended August 31, 2019 which represents 19% 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 ended August 31, 2019, the Foundation granted 65 wishes. As of the end of the year, there were approximately 160 wish children who are eligible for a wish. The average cost of a wish for the fiscal year was \$3,742 in cash and \$4,872 in in-kind for a total cost of \$8,614.

**NOTE 15 SUBSEQUENT EVENTS**

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

