

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED AUGUST 31, 2025 AND 2024**



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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Make-A-Wish Foundation® of East Tennessee (a nonprofit organization), which comprise the statements of financial position as of August 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of East Tennessee as of August 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Make-A-Wish Foundation® of East Tennessee and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Make-A-Wish Foundation® of East Tennessee's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Make-A-Wish Foundation® of East Tennessee's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Make-A-Wish Foundation® of East Tennessee's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



**CliftonLarsonAllen LLP**

Tempe, Arizona  
March 9, 2026

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2025 AND 2024**

	2025	2024
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 501,171	\$ 320,298
Investments	439,363	400,105
Beneficial Interest in Assets Held by Community Foundation	31,130	28,020
Due from Related Entities	96,489	77,997
Prepaid Expenses	37,535	8,925
Contributions Receivable, Net	155,421	169,504
Accounts Receivable	4	7,773
Other Assets	66,263	10,748
Right-of-Use Assets - Operating	14,989	32,169
Right-of-Use Assets - Financing	4,157	5,373
Property and Equipment, Net	1,695	1,956
	\$ 1,348,217	\$ 1,062,868
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 63,838	\$ 69,640
Due to Related Entities	8,131	15,118
Deferred Revenue, Internal Events	13,460	1,075
Lease Liability - Operating	15,114	32,460
Lease Liability - Financing	4,282	5,432
Total Liabilities	104,825	123,725
<b>NET ASSETS</b>		
Without Donor Restrictions	1,067,340	790,230
With Donor Restrictions	176,052	148,913
Total Net Assets	1,243,392	939,143
Total Liabilities and Net Assets	\$ 1,348,217	\$ 1,062,868

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Cash	\$ 641,216	\$ -	\$ 641,216
Contributions, Donated Goods and Services	455,684	144,921	600,605
Grants	<u>227,579</u>	<u>-</u>	<u>227,579</u>
Total Public Support	1,324,479	144,921	1,469,400
Internal Special Events, Cash	306,799	-	306,799
Internal Special Events, Donated Goods and Services	23,680	-	23,680
Less: Costs of Direct Benefits to Donors	<u>(67,995)</u>	<u>-</u>	<u>(67,995)</u>
Total Internal Special Events	262,484	-	262,484
Sale of Donated Goods	125,211	-	125,211
Less: Cost of Donated Goods Sold	<u>(125,211)</u>	<u>-</u>	<u>(125,211)</u>
Net Sale of Donated Goods	-	-	-
Change in Beneficial Interest in Assets Held by Community Foundation	-	3,111	3,111
Investment Income, Net	20,577	-	20,577
Other Income	11,800	-	11,800
Net Assets Released from Restrictions	<u>120,893</u>	<u>(120,893)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	1,740,233	27,139	1,767,372
<b>EXPENSES</b>			
Program Services:			
Wish Granting	1,082,631	-	1,082,631
Support Services:			
Fundraising	254,041	-	254,041
Management and General	<u>126,451</u>	<u>-</u>	<u>126,451</u>
Total Support Services	380,492	-	380,492
Total Expenses	<u>1,463,123</u>	<u>-</u>	<u>1,463,123</u>
<b>CHANGE IN NET ASSETS</b>	277,110	27,139	304,249
Net Assets - Beginning of Year	<u>790,230</u>	<u>148,913</u>	<u>939,143</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,067,340</u>	<u>\$ 176,052</u>	<u>\$ 1,243,392</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Cash	\$ 696,412	\$ -	\$ 696,412
Contributions, Donated Goods and Services	447,860	120,893	568,753
Grants	107,309	-	107,309
Total Public Support	1,251,581	120,893	1,372,474
Internal Special Events, Cash	242,427	-	242,427
Internal Special Events, Donated Goods and Services	4,010	-	4,010
Less: Costs of Direct Benefits to Donors	(34,838)	-	(34,838)
Total Internal Special Events	211,599	-	211,599
Sale of Donated Goods	50,904	-	50,904
Less: Cost of Donated Goods Sold	(50,904)	-	(50,904)
Net Sale of Donated Goods	-	-	-
Change in Beneficial Interest in Assets Held by Community Foundation	-	2,934	2,934
Investment Income, Net	26,376	-	26,376
Other Income	12,175	-	12,175
Net Assets Released from Restrictions	103,286	(103,286)	-
Total Revenues, Gains, and Other Support	1,605,017	20,541	1,625,558
<b>EXPENSES</b>			
Program Services:			
Wish Granting	1,311,464	-	1,311,464
Total Program Services	1,311,464	-	1,311,464
Support Services:			
Fundraising	214,789	-	214,789
Management and General	104,761	-	104,761
Total Support Services	319,550	-	319,550
Total Expenses	1,631,014	-	1,631,014
<b>CHANGE IN NET ASSETS</b>	(25,997)	20,541	(5,456)
Net Assets - Beginning of Year	816,227	128,372	944,599
<b>NET ASSETS - END OF YEAR</b>	\$ 790,230	\$ 148,913	\$ 939,143

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2025**

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 819,844	\$ -	\$ -	\$ -	\$ -	\$ 819,844
Salaries, Taxes, and Benefits	158,626	174,102	54,164	228,266	-	386,892
Printing, Subscriptions, and Publications	256	3,117	99	3,216	-	3,472
Professional Fees	-	1,450	42,965	44,415	-	44,415
Rent and Utilities	9,722	10,671	3,321	13,992	-	23,714
Postage and Delivery	555	2,610	90	2,700	-	3,255
Travel	2,247	6,865	1,725	8,590	-	10,837
Meetings and Conferences	296	2,699	1,636	4,335	-	4,631
Office Supplies	10,378	5,075	712	5,787	-	16,165
Communications	3,444	3,785	1,177	4,962	-	8,406
Advertising and Media (Cash)	-	42	-	42	-	42
Advertising and Media (In-Kind)	-	5,200	-	5,200	-	5,200
Repairs and Maintenance	565	620	194	814	-	1,379
Insurance	349	-	-	-	-	349
Bad Debt Expense	-	3,295	-	3,295	-	3,295
Membership Dues	1,251	1,373	1,628	3,001	-	4,252
National Partnership Dues	71,797	16,411	14,360	30,771	-	102,568
Miscellaneous	2,322	15,651	4,046	19,697	-	22,019
Depreciation and Amortization	979	1,075	334	1,409	-	2,388
Special Event - Direct Donor Benefits	-	-	-	-	67,995	67,995
Total Expenses by Function	<u>1,082,631</u>	<u>254,041</u>	<u>126,451</u>	<u>380,492</u>	<u>67,995</u>	<u>1,531,118</u>
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67,995)</u>	<u>(67,995)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,082,631</u>	<u>\$ 254,041</u>	<u>\$ 126,451</u>	<u>\$ 380,492</u>	<u>\$ -</u>	<u>\$ 1,463,123</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2024**

	Program Services	Support Services			Direct Donor Benefits	Total
	Wish Granting	Fundraising	Management and General	Total Support Services		
Direct Costs of Wishes	\$ 1,049,087	\$ -	\$ -	\$ -	\$ -	\$ 1,049,087
Salaries, Taxes, and Benefits	158,905	151,798	42,367	194,165	-	353,070
Printing, Subscriptions, and Publications	165	6,292	106	6,398	-	6,563
Professional Fees	54	5,943	37,835	43,778	-	43,832
Rent and Utilities	9,765	9,331	2,605	11,936	-	21,701
Postage and Delivery	625	3,861	129	3,990	-	4,615
Travel	354	2,062	1,969	4,031	-	4,385
Meetings and Conferences	243	3,429	1,677	5,106	-	5,349
Office Supplies	18,521	2,262	402	2,664	-	21,185
Communications	2,319	2,215	618	2,833	-	5,152
Advertising and Media (Cash)	-	388	-	388	-	388
Advertising and Media (In-Kind)	-	2,090	-	2,090	-	2,090
Repairs and Maintenance	817	781	217	998	-	1,815
Membership Dues	699	667	184	851	-	1,550
National Partnership Dues	66,152	15,120	13,230	28,350	-	94,502
Miscellaneous	2,675	7,515	3,133	10,648	-	13,323
Depreciation and Amortization	1,083	1,035	289	1,324	-	2,407
Special Event - Direct Donor Benefits	-	-	-	-	34,838	34,838
Total Expenses by Function	<u>1,311,464</u>	<u>214,789</u>	<u>104,761</u>	<u>319,550</u>	<u>34,838</u>	<u>1,665,852</u>
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,838)</u>	<u>(34,838)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,311,464</u>	<u>\$ 214,789</u>	<u>\$ 104,761</u>	<u>\$ 319,550</u>	<u>\$ -</u>	<u>\$ 1,631,014</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2025 AND 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 304,249	\$ (5,456)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,172	1,063
Amortization of Right-of-Use Asset, Finance Lease	1,216	1,344
Bad Debts and Other	3,295	-
Change in Beneficial Interest in Assets Held by Community Foundation	(3,110)	(2,934)
Net Realized and Unrealized Gains on Investments	(5,154)	(6,480)
Contributed Property and Equipment	(451)	-
Contributed Other Assets	(52,472)	(8,232)
Contributed Goods for Sale	(125,211)	(50,904)
Change in Operating Right-of-Use Assets and Lease Liabilities	(166)	(166)
(Increase) Decrease in Assets:		
Contributions Receivable	10,788	(39,288)
Accounts Receivable	7,769	(7,773)
Due from Related Entities	(18,492)	(16,899)
Prepaid Expenses	(28,610)	32,491
Other Assets	122,168	50,322
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(5,802)	(7,408)
Due to Related Entities	(6,987)	(5,334)
Deferred Revenue, Internal Events	12,385	1,075
Net Cash Provided (Used) by Operating Activities	216,587	(64,579)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(38,868)	(109,970)
Proceeds from Sales of Investments	4,764	107,177
Purchases of Property and Equipment	(460)	(961)
Net Cash Used by Investing Activities	(34,564)	(3,754)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Finance Lease Obligations	(1,150)	(1,296)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	180,873	(69,629)
Cash and Cash Equivalents - Beginning of Year	320,298	389,927
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 501,171	\$ 320,298
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 189	\$ 132
Contributed Goods for Sale	\$ 125,211	\$ 50,904
Contributed Property and Equipment	\$ 451	\$ -
Contributed Other Assets	\$ 52,472	\$ 8,232
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 6,975
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	\$ -	\$ 6,083

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2025 AND 2024**

**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 develops and implements 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 (U.S. 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.

The Foundation's investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that those changes in the values of investments will occur in the near term and that such changes could be material to the amounts reported in the statements of financial position.

**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.

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2025 AND 2024**

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

**Accounts Receivable**

Receivables are stated at net realizable value. The Foundation uses historical loss information based on aging of receivables as the basis to determine expected credit losses for receivables. Management believes the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. Accounts are individually analyzed for collectability. Write-off of receivables occurs when all collection efforts have been exhausted. The allowance for estimate of expected credit losses was \$-0- as of August 31, 2025 and 2024.

**Leases**

The Foundation determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the statements of financial position.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease terms. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Foundation has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Foundation has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

**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. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 7 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 EAST TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2025 AND 2024**

**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.

**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.

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2025 AND 2024**

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

**Net Assets (Continued)**

*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**

Revenue is recognized on the accrual basis and generally consists of contributions, special event revenue, in-kinds and other income.

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.

Special event revenue consists of registrations, sponsorships and other contributions. The exchange element of the special event revenue was approximately \$68,000 and \$35,000 for the years ended August 31, 2025 and 2024, respectively. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met which is the occurrence of the event.

Sales of donated goods are recognized at the time the donated goods are transferred to the customer, which occurs at a point in time.

The Foundation receives auction items to be sold at its special events. Contributed auction items are valued at the gross selling price received and the value is included in internal special event revenue on the statement of activities. The amount of auction items received and sold during the years ended August 31, 2025 and 2024 totaled approximately \$53,000 and \$45,000, respectively.

**MAKE-A-WISH FOUNDATION® OF EAST TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2025 AND 2024**

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

**Revenue Recognition (Continued)**

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 to give are not recognized as contribution revenue and receivables until the conditions have been 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.

**Contributions: Donated Goods and Services**

The Foundation received in-kind contributions of assets, services, and materials that are reported in the statements of activities as follows:

	2025	2024
Wish-Related Travel, Goods, and Services	\$ 431,567	\$ 517,743
Cost of Donated Goods Sold	125,211	50,904
Advertising and Media	5,200	-
Special Events	23,680	4,010
Property and Equipment	451	-
Other Assets	38,176	106
Total Contributed Nonfinancial Assets and Services	\$ 624,285	\$ 572,763

Wish-related travel, goods, and other services are used in the wish granting program. The Foundation estimates the fair value of wish related travel, goods, and services on the basis of estimates of the current market rates for similar travel, goods and other services in the Foundation's market. Thrift goods received by the Foundation are valued and reported at the fair value based on the selling price of the goods to a third party.

Donated advertising and media is reported at the estimated fair value as provided by the donor based on rates charged for similar advertising or media. Advertising and media is used for both program and supporting services. Advertising and media is used to help the Foundation communicate its message or mission and includes fund raising 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.

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

**Revenue Recognition (Continued)**

Special event donated items 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. The Foundation estimates the fair value of these donated items based on the current market rates for similar items in the Foundation's market.

Property and equipment items donated consist of a laptop and was valued using fair value as of the date of donation.

Other assets items consist of donated items for wishes and were valued using fair value as of the date of donation.

In-kind contributions related to wish granting are restricted to be used in granting wishes. No other in-kind contributions were received with donor restrictions.

**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, 2025 and 2024. 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.

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**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 U.S. GAAP 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.

**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 to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

	2025	2024
Total Financial Assets	\$ 1,192,448	\$ 975,677
Donor-Imposed Restrictions:		
Restricted Funds	(144,922)	(120,893)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,047,526	\$ 854,784

Financial assets include cash and cash equivalents, investments, due from related entities, contributions receivable, and accounts receivable. For purposes of analyzing resources available to meet general expenditures over one year, the Foundation considers all expenditures related to its ongoing program activities, as well as the functions in support of those activities, to be general expenditures.

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**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, 2025 and 2024 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.

**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.

**Fair Value Hierarchy**

The following tables present the placement in the fair value hierarchy of assets that are measured at fair value on a recurring basis at August 31:

	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
<u>August 31, 2025</u>					
Investments:					
Mutual Funds	\$ 51,397	\$ -	\$ -	\$ -	\$ 51,397
Exchange-Traded Funds	86,901	-	-	-	86,901
Certificates of Deposit	-	-	-	300,000	300,000
Cash	-	-	-	1,065	1,065
Total Investments	138,298	-	-	301,065	439,363
Beneficial Interest in Assets					
Held by Community Foundation	-	-	31,130	-	31,130
Total Assets	\$ 138,298	\$ -	\$ 31,130	\$ 301,065	\$ 470,493

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

**Fair Value Hierarchy (Continued)**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Assets Not Held at Fair Value</u>	<u>Total</u>
<u>August 31, 2024</u>					
Investments:					
Mutual Funds	\$ 65,683	\$ -	\$ -	\$ -	\$ 65,683
Equity Securities	34,162	-	-	-	34,162
Certificates of Deposit	-	-	-	300,000	300,000
Cash	-	-	-	260	260
Total Investments	<u>99,845</u>	<u>-</u>	<u>-</u>	<u>300,260</u>	<u>400,105</u>
Beneficial Interest in Assets					
Held by Community Foundation	-	-	28,020	-	28,020
Total Assets	<u>\$ 99,845</u>	<u>\$ -</u>	<u>\$ 28,020</u>	<u>\$ 300,260</u>	<u>\$ 428,125</u>

There were no purchases, sales, transfers in and transfers out of Level 3 investments for both the years ended August 31, 2025 and 2024.

The following table describes the valuation techniques used to calculate fair value for assets in Level 3. There were no changes in valuation techniques and related inputs from the prior year.

<u>Quantitative Information About Level 3 Fair Value Measurements</u>			
<u>Type of Assets</u>	<u>Fair Value at August 31, 2025</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>
Beneficial Interest in Assets Held by Community Foundation	<u>\$ 31,130</u>	Fair Value of Assets	Value of Underlying Assets
<u>Type of Assets</u>	<u>Fair Value at August 31, 2024</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>
Beneficial Interest in Assets Held by Community Foundation	<u>\$ 28,020</u>	Fair Value of Assets	Value of Underlying Assets

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

The Foundation's contributions receivable as of August 31, 2025 and 2024 were \$155,421 and \$169,504, respectively. All contributions receivable are due within the next 12 months. One and two donors make up 90% and 64% of contributions receivables as of August 31, 2025 and 2024, respectively. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2025 and 2024.

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**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 and other miscellaneous revenues. During the years ended August 31, 2025 and 2024, respectively, the Foundation received \$289,718 and \$343,133 from these national revenue streams.

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 \$145,635 and \$138,621 were paid from the Foundation to the National Organization during the years ended August 31, 2025 and 2024, respectively.

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 \$11,800 and \$12,175, respectively, for the years ended August 31, 2025 and 2024, which is recorded in the accompanying statements of activities as Other Income.

Chapters with capacity can grant wishes for peer chapters who are facing limitations to meet their local wish granting demand. These chapters providing the wish relief are paid an amount equivalent to the average cost of a wish. Under this program, the Foundation received \$108,000 and \$-0- during the years ended August 31, 2025 and 2024, respectively, to facilitate the granting of wishes for other chapters.

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

	2025	2024
Due from National Organization	\$ 86,342	\$ 73,314
Due from Other Chapters	10,147	4,683
Total Due from Related Entities	<u>\$ 96,489</u>	<u>\$ 77,997</u>
Due to National Organization	\$ 1,568	\$ 1,375
Due to Other Chapters	6,563	13,743
Total Due to Related Entities	<u>\$ 8,131</u>	<u>\$ 15,118</u>

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

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 the years ended August 31, 2025 and 2024, the Foundation received contributions, both cash and in-kind, from board members totaling \$94,005 and \$47,443, respectively.

**NOTE 7 PROPERTY AND EQUIPMENT, NET**

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

	2025	2024
Computer Equipment and Software	\$ 5,007	\$ 4,097
Leasehold Improvements	500	500
Total	5,507	4,597
Less: Accumulated Depreciation and Amortization	(3,812)	(2,641)
Property and Equipment, Net	\$ 1,695	\$ 1,956

Depreciation expense totaled \$1,172 and \$1,063, respectively, for the years ended August 31, 2025 and 2024.

**NOTE 8 LEASES**

The Foundation leases equipment as well as office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through fiscal year 2029.

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**NOTE 8 LEASES (CONTINUED)**

The following tables provides quantitative information concerning the Foundation's leases.

	<u>2025</u>	<u>2024</u>
Lease Cost:		
Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$ 1,216	\$ 1,344
Interest on Lease Liabilities	189	132
Operating Lease Cost	<u>17,972</u>	<u>17,207</u>
Total Lease Cost	<u>\$ 19,377</u>	<u>\$ 18,683</u>
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Financing Leases	\$ 189	\$ 132
Operating Cash Flows from Operating Leases	\$ 18,138	\$ 17,374
Financing Cash Flows from Financing Leases	\$ 1,150	\$ 1,296
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities	\$ -	\$ 6,083
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 6,975
Weighted-Average Remaining Leases Term - Financing Leases	3.3 Years	4.3 Years
Weighted Average Remaining Lease Term - Operating Leases	1.0 Years	1.9 Years
Weighted-Average Discount Rate - Financing Leases	3.85%	3.85%
Weighted-Average Discount Rate - Operating Leases	3.46%	3.42%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of August 31, 2025, is as follows:

<u>Year Ending August 31,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>
2026	\$ 14,189	\$ 1,339
2027	915	1,339
2028	201	1,339
2029	<u>50</u>	<u>558</u>
Total Lease Payments	15,355	4,575
Less: Imputed Interest	<u>(241)</u>	<u>(293)</u>
Present Value of Lease Liabilities	<u>\$ 15,114</u>	<u>\$ 4,282</u>

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**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:

	2025	2024
Subject to Expenditure for Specified Purpose:		
Wish Granting	\$ 144,922	\$ 120,893
Not Subject to Spending Policy or Appropriation:		
Beneficial Interest in Assets Held by		
Community Foundation	31,130	28,020
Total Donor-Restricted Net Assets	\$ 176,052	\$ 148,913

**NOTE 10 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 years ended August 31, 2025 and 2024 were \$6,140 and \$4,768, respectively.

**NOTE 11 CONCENTRATIONS**

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash, cash equivalents, and investments. Deposits at each financial institution are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC). The Foundation's cash and investments were placed with high credit quality financial institutions, and accordingly, the Foundation does not expect to experience nonperformance.

The Foundation received payments of \$125,211 and \$50,904, respectively, for the years ended August 31, 2025 and 2024 from one source for the purchase of merchandise donations to the Foundation by the general public. This represented 100% of sale of donated merchandise. The Foundation also received contributions totaling \$241,062 and \$297,946 were received from a single donor, for the years ended August 31, 2025 and 2024, respectively, which represents 13% and 18% of raised revenue which consists of total public support and gross internal special event revenue. Should these contribution levels decrease, the Foundation may be adversely affected.

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**NOTE 12 COMMITMENTS**

The goal of the Foundation is to grant the wish of every eligible child. During the fiscal years ended August 31, 2025 and 2024, the Foundation granted 87 and 116 wishes, respectively. As of August 31, 2025 and 2024, respectively, there were approximately 120 and 90 wish children who are eligible for a wish. The average cost of a wish for the year ended August 31, 2025 was \$4,931 in cash and \$4,490 in in-kind for a total cost of \$9,421. The average cost of a wish for the year ended August 31, 2024 was \$4,926 in cash and \$4,162 in in-kind for a total cost of \$9,088.

**NOTE 13 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through March 9, 2026, the date at which the financial statements were available to be issued.



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