MAKE-A-WISH FOUNDATION® OF GREATER VIRGINIA

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2019

MAKE-A-WISH FOUNDATION® OF GREATER VIRGINIA
TABLE OF CONTENTS
YEAR ENDED AUGUST 31, 2019

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Greater Virginia
Richmond, Virginia

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Greater Virginia, 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 from material misstatement.

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

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

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 Greater Virginia 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 Greater Virginia 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 Greater Virginia 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

Phoenix, Arizona
December 18, 2019

MAKE-A-WISH FOUNDATION® OF GREATER VIRGINIA
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019

ASSETS

Cash and Cash Equivalents	$	168,534
Investments		412,944
Due from Related Entities		42,734
Prepaid Expenses		54,820
Contributions Receivable, Net		458,672
Other Assets		6,252
Investments Held for Long-Term Purposes		74,857
Property and Equipment, Net		20,637
Total Assets	$	1,239,450

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts Payable and Accrued Expenses	$	119,274
Due to Related Entities		20,937
Deferred Rent		3,685
Capital Lease Obligations		8,255
Other Liabilities		4,811
Total Liabilities		156,962
NET ASSETS		
Without Donor Restrictions		505,477
With Donor Restrictions		577,011
Total Net Assets		1,082,488
Total Liabilities and Net Assets	$	1,239,450

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER VIRGINIA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	$ 2,249,747	$ 195,715	$ 2,445,462
Grants	140,266	-	140,266
Total Public Support	2,390,013	195,715	2,585,728
Internal Special Events	401,065	-	401,065
Less Costs of Direct Benefits to Donors	(32,554)	-	(32,554)
Total Internal Special Events	368,511	-	368,511
Investment Income, Net	36,712	1,881	38,593
Other Income	4,731	-	4,731
Net Assets Released from Restrictions	263,107	(263,107)	-
Total Revenues, Gains, and Other Support	3,063,074	(65,511)	2,997,563
EXPENSES			
Program Services:			
Wish Granting	2,421,924	-	2,421,924
Total Program Services	2,421,924	-	2,421,924
Support Services:			
Fundraising	468,865	-	468,865
Management and General	244,157	-	244,157
Total Support Services	713,022	-	713,022
Total Expenses	3,134,946	-	3,134,946
CHANGE IN NET ASSETS	(71,872)	(65,511)	(137,383)
Net Assets - Beginning - Before Change in Accounting Policy	(887,006)	642,522	(244,484)
Change in Accounting Policy	1,464,355	-	1,464,355
Net Assets - Beginning of Year - As Adjusted	577,349	642,522	1,219,871
NET ASSETS - END OF YEAR	$ 505,477	$ 577,011	$ 1,082,488

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER VIRGINIA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2019

	Program Services	Support Services				
	Wish Granting	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	$ 1,877,734	$ -	$ -	$ -	$ -	$ 1,877,734
Salaries, Taxes, and Benefits	393,426	340,391	161,266	501,657	-	895,083
Printing, Subscriptions, and Publications	245	7,529	691	8,220	-	8,465
Professional Fees	2,429	6,263	45,724	51,987	-	54,416
Rent and Utilities	28,416	24,541	11,625	36,166	-	64,582
Postage and Delivery	5,253	4,081	438	4,519	-	9,772
Travel	4,813	9,474	2,317	11,791	-	16,604
Meetings and Conferences	2,102	12,409	2,416	14,825	-	16,927
Office Supplies	5,246	2,437	837	3,274	-	8,520
Communications	4,246	3,822	1,896	5,718	-	9,964
Advertising and Media (Cash)	-	400	-	400	-	400
Advertising and Media (In-Kind)	-	15,422	-	15,422	-	15,422
Repairs and Maintenance	1,883	1,625	770	2,395	-	4,278
Membership Dues	-	780	-	780	-	780
National Partnership Dues	83,295	11,598	10,544	22,142	-	105,437
Miscellaneous	8,028	23,941	3,667	27,608	-	35,636
Depreciation and Amortization	4,808	4,152	1,966	6,118	-	10,926
Special Event - Direct Donor Benefits	-	-	-	-	32,554	32,554
Total	2,421,924	468,865	244,157	713,022	32,554	3,167,500
Less Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	-	(32,554)	(32,554)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 2,421,924	$ 468,865	$ 244,157	$ 713,022	$ -	$ 3,134,946

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER VIRGINIA
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (137,383)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation and Amortization	10,926
Net Realized and Unrealized Gains on Investments	(20,813)
Contributed Inventory	600
Change in Discount to Present Value of Contributions Receivable	(10,477)
(Increase) Decrease in Assets:	
Contributions Receivable	17,344
Due from Related Entities	554
Prepaid Expenses	(34,857)
Other Assets	(1,392)
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	(3,292)
Due to Related Entities	6,924
Other Liabilities	1,543
Deferred Rent	1,973
Net Cash Used by Operating Activities	(168,350)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(114,178)
Purchases of Property and Equipment	(1,226)
Net Cash Used by Investing Activities	(115,404)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Payments on Capital Lease Obligations	(2,977)
Net Cash Used by Financing Activities	(2,977)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(286,731)
Cash and Cash Equivalents - Beginning of Year	455,265
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 168,534
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid For Interest	$ 791
Contributed Inventory	$ (600)

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Greater Virginia (the Foundation) is a Virginia nonprofit corporation, organized for the purpose of granting wishes to 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost greater than $500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 5 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.

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 restrictions when the assets are place 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 at August 31, 2019:

	Program	Fundraising	Management and General	Total
Program and Support Service Expenses:				
Wish Related	$ 1,121,436	$ -	$ -	$ 1,121,436
Professional Services	-	-	1,800	1,800
Advertising and Media	-	15,422	-	15,422
Other	1,926	1,457	103	3,486
Total Program and Support Service Expenses	$ 1,123,362	$ 16,879	$ 1,903	1,142,144
Special Events				12,423
Inventory (Asset)				600
Total				$ 1,155,167

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

Advertising and media is used to help the Foundation communicate its message or mission and includes fundraising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes.

Donated advertising and media is reported as contribution revenue and fundraising expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at fair value.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Virginia taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 58.1 of the Virginia 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

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

Wish Granting

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

Fundraising

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

Management and General

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

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

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was $3,685 at August 31, 2019.

Management Estimates

The preparation of financial statements in conformity with 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. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, valuation of investments, in-kinds and contributions receivable, accrued pending wish costs, net of attrition, allocation of functional expenses, and whether an allowance for uncollectible contributions receivable is required.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 policy, net assets without restrictions as of September 1, 2018 have increased by $1,464,355.

NOTE 3 LIQUIDITY AND AVAILABILITY

The Foundation monitors liquidity regularly through the monthly financial package provided to the board and through the enterprise-wide benchmarks of excellence. Holding 6 months to 24 months of liquidity is considered excellent based off the enterprise-wide published scale.

Total Financial Assets	$ 1,157,741
Donor Imposed Restrictions:	
Restricted Funds	(502,154)
Endowments	(74,857)
Net Financial Assets after Donor-Imposed Restrictions	580,730
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 580,730

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.

Allocation of Investment Strategies

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

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy

The following table presents the placement in the fair value hierarchy of assets that are measured at fair value on a recurring basis at August 31, 2019:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Investments:				
Exchange-Traded Funds	$ 486,445	$ -	$ -	$ 486,445
Cash and Cash Equivalents	-	-	-	1,356
Total Assets	$ 486,445	$ -	$ -	$ 487,801

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at a rates ranging from 3.00% to 4.80% at August 31, 2019. The following is a summary of the Foundation's contributions receivable at August 31, 2019:

Total Amounts Due in:	
Within One Year	$ 274,656
One to Five Years	203,150
Gross Contributions Receivable	477,806
Less Allowance for Doubtful Accounts	-
Less Discount to Present Value	(19,134)
Contributions Receivable, Net	$ 458,672

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 $496,709 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. Amounts totaling $166,638 were paid from the Foundation to the National Organization during the year ended August 31, 2019.

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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 $1,350 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 at August 31, 2019:		
Due from National Organization	$	42,244
Due from Other Chapters		490
Total Due from Related Entities	$	42,734
Due to National Organization	$	7,881
Due to Other Chapters		13,056
Total Due to Related Entities	$	20,937

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 $107,572. There was $50,893 due from board members as of August 31, 2019.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

Computer Equipment and Software	$	52,360
Office Furniture and Other Equipment		26,723
Leasehold Improvements		5,255
Total		84,338
Less Accumulated Depreciation and Amortization		(63,701)
Property and Equipment, Net	$	20,637

Depreciation and amortization expense totaled $10,926 for the year ended August 31, 2019.

NOTE 8 LEASES

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through February 29, 2024. As of August 31, 2019, the cost of leased property and equipment under capital leases was $16,110, and accumulated depreciation was $8,438. Total rent expense for all operating leases for the year ended August 31, 2019 totaled $64,582.

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

Year Ending August 31,	Operating Leases	Capital Leases
2020	$ 66,301	$ 3,224
2021	69,986	3,492
2022	73,670	1,539
2023	77,355	-
2024	39,599	-
Total Minimum Lease Payments	$ 326,911	$ 8,255

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	$ 163,632
Bristol Meyers Outreach Tools	250
Bequest for Annual Wish (Virginia Beach)	43,232
Total	207,114
Subject to Passage of Time:	
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	295,040
Total	295,040
Endowments:	
Subject to Endowment Spending Policy and Appropriation:	
Earnings on Endowment Funds	24,921
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:	
Charles Schwab Endowment	49,936
Total	74,857
Total Donor Restricted Net Assets	$ 577,011

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 one individual fund established for donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets 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 Virginia 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 net asset composition by type of fund is as follows as of August 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	$ -	$ 74,857	$ 74,857
Total Funds	$ -	$ 74,857	$ 74,857

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

Changes in endowment net assets for the year ended August 31, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ 72,976	$ 72,976
Investment Return:			
Investment Income	-	1,769	1,769
Net Appreciation (Realized and Unrealized)	-	112	112
Total Investment Return	-	1,881	1,881
Endowment Net Assets - End of Year	$ -	$ 74,857	$ 74,857

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 have been no such deficiencies in 2019.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment fund while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor specified purpose.

Under the investment policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to generate a level of current income (interest and dividends) consistent with the overriding investment goal of the Fund while avoiding excessive risk. The Foundation expects its endowment funds, over time, to achieve a total return in excess of the rate of inflation plus cash flow needs over the investment horizon in order to preserve purchasing power of Fund assets. The overriding investment goal of the Fund is to conserve and enhance the capital value of the Fund in real terms, through asset appreciation and income generation. Actual returns in any given year may vary from this goal.

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 has selected the Morningstar Moderate Target Risk Index to serve as a benchmark for investment selection and evaluation.

NOTE 10 ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year between 3% and 5% of its endowment fund's average fair value over the prior three years through the calendar year-end preceding the fiscal year in which the distribution is planned. However, if the market value of the endowment, as defined in the Endowment Policy, is less than the fund's threshold level, the distribution will be less than the Targeted Distribution, as defined in the Endowment Policy. If the market value of the endowment is less than the fund's corpus but more than the threshold level, the distribution will be limited to the lower of its Targeted Distribution or Realized Increase, as defined in the Endowment Policy. The Endowment Policy also entitles the Foundation to receive from the Endowment Fund, a reasonable percentage, not to exceed 3% of the Fund's market value, for administering the Fund.

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. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code limitations. The Foundation matches employee contributions up to 5% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2019 was $33,463.

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 $644,215 were received from a single donor for the year ended August 31, 2019, which represents 25% 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 183 wishes. As of the end of the year, there were approximately 240 number of wish children who are eligible for a wish. The average cost of a wish for the fiscal year was $4,423 in cash and $5,802 in in-kind for a total cost of $10,225.

NOTE 15 SUBSEQUENT EVENTS

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