

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA,  
DELAWARE  
AND SUSQUEHANNA VALLEY**

**FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2019**



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**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA, DELAWARE  
AND SUSQUEHANNA VALLEY  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of Philadelphia, Delaware and Susquehanna Valley  
Blue Bell, Pennsylvania

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

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

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

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

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

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

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

Board of Directors  
Make-A-Wish Foundation® of Philadelphia, Delaware and Susquehanna Valley

**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 Philadelphia, Delaware and Susquehanna Valley as of August 31, 2019 and change in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matters**

As discussed in Note 2 to the financial statements, the Make-A-Wish Foundation® of Philadelphia, Delaware and Susquehanna Valley 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*. The Make-A-Wish Foundation® of Philadelphia, Delaware and Susquehanna Valley 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
December 17, 2019

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA, DELAWARE  
AND SUSQUEHANNA VALLEY  
STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2019**

**ASSETS**

Cash and Cash Equivalents	\$	380,988
Investments		1,694,512
Due from Related Entities		96,569
Prepaid Expenses		128,162
Contributions Receivable, Net		551,020
Other Assets		5,742
Property and Equipment, Net		<u>247,891</u>
Total Assets	\$	<u><u>3,104,884</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable and Accrued Expenses	\$	206,934
Due to Related Entities		2,382
Deferred Lease Incentive		152,067
Deferred Rent		31,260
Notes Payable		<u>40,233</u>
Total Liabilities		432,876

**NET ASSETS**

Without Donor Restriction		2,409,730
With Donor Restriction		<u>262,278</u>
Total Net Assets		<u><u>2,672,008</u></u>
Total Liabilities and Net Assets	\$	<u><u>3,104,884</u></u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA, DELAWARE  
AND SUSQUEHANNA VALLEY  
STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2019**

	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions	\$ 4,959,979	\$ 259,296	\$ 5,219,275
Grants	369,774	-	369,774
Total Public Support	5,329,753	259,296	5,589,049
Internal Special Events	794,907	-	794,907
Less Costs of Direct Benefits to Donors	(104,571)	-	(104,571)
Total Internal Special Events	690,336	-	690,336
Investment Income, Net	55,037	-	55,037
Other Income	6,688	-	6,688
Net Assets Released from Restrictions	562,558	(562,558)	-
Total Revenues, Gains, and Other Support	6,644,372	(303,262)	6,341,110
<b>EXPENSES</b>			
Program Services:			
Wish Granting	4,779,239	-	4,779,239
Program-Related Support	331,304	-	331,304
Public Information	107,473	-	107,473
Total Program Services	5,218,016	-	5,218,016
Support Services:			
Fundraising	540,601	-	540,601
Management and General	580,572	-	580,572
Total Support Services	1,121,173	-	1,121,173
Total Expenses	6,339,189	-	6,339,189
<b>CHANGE IN NET ASSETS</b>	305,183	(303,262)	1,921
Net Assets - Beginning - Before Change in Accounting Principle	(451,963)	565,540	113,577
Change in Accounting Policy	2,556,510	-	2,556,510
Net Assets - Beginning of Year - As Adjusted	2,104,547	565,540	2,670,087
<b>NET ASSETS - END OF YEAR</b>	\$ 2,409,730	\$ 262,278	\$ 2,672,008

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA, DELAWARE  
AND SUSQUEHANNA VALLEY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED AUGUST 31, 2019**

	Program Services			Support Services			Direct Donor Benefits	Total	
	Wish Granting	Program- Related Support	Public Information	Total Program Services	Fundraising	Management and General			Total Support Services
Direct Costs of Wishes	\$ 4,009,650	\$ -	\$ -	\$ 4,009,650	\$ -	\$ -	\$ -	\$ 4,009,650	
Salaries, Taxes, and Benefits	494,041	265,713	36,211	795,965	412,065	468,393	880,458	1,676,423	
Printing, Subscriptions, and Publications	2,385	3,505	9,435	15,325	14,717	3,931	18,648	33,973	
Professional Fees	13,581	8,187	13,476	35,244	8,278	16,541	24,819	60,063	
Rent and Utilities	31,016	16,682	2,273	49,971	25,869	29,406	55,275	105,246	
Postage and Delivery	1,627	2,054	2,942	6,623	2,854	1,324	4,178	10,801	
Travel	4,880	9,409	10,699	24,988	9,980	3,657	13,637	38,625	
Meetings and Conferences	2,437	3,608	11,706	17,751	7,675	2,478	10,153	27,904	
Office Supplies	3,361	5,640	2,586	11,587	2,728	2,731	5,459	17,046	
Communications	13,399	8,900	11,471	33,770	6,239	9,215	15,454	49,224	
Repairs and Maintenance	2,905	1,874	1,984	6,763	1,869	2,684	4,553	11,316	
Insurance	-	-	-	-	1,014	-	1,014	1,014	
Membership Dues	873	526	602	2,001	533	708	1,241	3,242	
National Partnership Dues	190,466	-	-	190,466	26,521	24,110	50,631	241,097	
Miscellaneous	1,765	1,241	1,159	4,165	15,499	4,348	19,847	24,012	
Depreciation and Amortization	6,853	3,965	2,929	13,747	4,760	11,046	15,806	29,553	
Special Event Expenses	-	-	-	-	-	-	-	104,571	
	<u>4,779,239</u>	<u>331,304</u>	<u>107,473</u>	<u>5,218,016</u>	<u>540,601</u>	<u>580,572</u>	<u>1,121,173</u>	<u>104,571</u>	<u>6,339,189</u>
Less Expenses Netted Against Revenues on the Statement of Activities:									
Special Event Expenses	-	-	-	-	-	-	-	(104,571)	-
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 4,779,239</u>	<u>\$ 331,304</u>	<u>\$ 107,473</u>	<u>\$ 5,218,016</u>	<u>\$ 540,601</u>	<u>\$ 580,572</u>	<u>\$ 1,121,173</u>	<u>\$ -</u>	<u>\$ 6,339,189</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA, DELAWARE  
AND SUSQUEHANNA VALLEY  
STATEMENT OF CASH FLOWS  
YEAR ENDED AUGUST 31, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$	1,921
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization		29,553
Net Realized and Unrealized Losses on Investments		(15,532)
(Increase) Decrease in Assets:		
Contributions Receivable		182,432
Due from Related Entities		15,624
Prepaid Expenses		(104,342)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses		(114,227)
Due to Related Entities		(34,328)
Deferred Lease Incentive		152,067
Deferred Rent		31,260
Net Cash Used by Operating Activities		(16,327)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Investments		(513,492)
Proceeds from Sales of Investments		698,600
Purchases of Property and Equipment		(70,817)
Net Cash Provided by Investing Activities		114,291

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from Notes Payable		43,549
Principal Payments on Notes Payable		(3,316)
Net Cash Provided by Financing Activities		40,233

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

138,197

Cash and Cash Equivalents - Beginning of Year

242,791

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

**\$ 380,988**

*See accompanying Notes to Financial Statements.*



**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA, DELAWARE  
AND SUSQUEHANNA VALLEY  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2019**

**NOTE 1 ORGANIZATION**

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to nonprofit entities.

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**Investments**

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in without donor restricted net assets unless its use is limited by donor-imposed restrictions or law.

**Contributions Receivable**

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions receivable are discounted using fair value rates and contributions are written off when deemed uncollectible.

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NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2019**

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

**Property and Equipment, Net**

Property and equipment having 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 five to ten 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).

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

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

**Fair Value Measurements (Continued)**

*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.

*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 net 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 PHILADELPHIA, DELAWARE  
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NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2019**

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

**Revenue Recognition (Continued)**

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

	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Wish Related	\$ 1,853,096	\$ -	\$ -	\$ 1,853,096
Other	263	900	500	1,663
	<u>\$ 1,853,359</u>	<u>\$ 900</u>	<u>\$ 500</u>	1,854,759
Total Special Events				51,193
Total				<u>\$ 1,905,952</u>

An internal special event is a fund-raising 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 and Pennsylvania income taxes under the provisions of Internal Revenue Code Section 501(c)(3). However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

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

**Functional Expenses**

The Foundation performs five functions: wish granting, program-related support, public information, 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.

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

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

**Functional Expenses (Continued)**

Program-Related Support

Activities performed by the Foundation related to the wish program including the identification of wish candidates and the determination and delivery of each wish. Specific activities include, but are not limited to, the development of wish resources, handling of wish referrals, and administration of the wish program.

Public Information

Activities performed by the Foundation in communicating the purpose and services of the Foundation to all potential sources of wish referrals.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations.

Management and General

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

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

**Deferred Lease Incentive**

This represents the unamortized portion of leasehold improvements that were contributed to the Foundation by its landlord during the year ending August 31, 2019. The corresponding leasehold improvement assets are recorded in property and equipment on the accompanying statement of financial position. The unamortized deferred lease incentive was \$152,067 at August 31, 2019.

**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 \$31,260 at August 31, 2019.

**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.

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

**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 Statement 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 without donor restrictions as of September 1, 2018.

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

Through the fiscal year ending 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 are met legal obligation was incurred. 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 donor restrictions as of September 1, 2018 have increased by \$2,556,510.

**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	\$ 2,723,089
Donor Imposed Restrictions:	
Restricted Funds	<u>(262,278)</u>
Net Financial Assets after Donor-Imposed Restrictions	<u>2,460,811</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 2,460,811</u></u>

Financial Assets include cash and cash equivalents, investments, due from related entities and contributions 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.

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

**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.

**Fair Value Hierarchy**

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

	Markets or Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>Assets</b>				
Investments:				
Mutual Funds	\$ 1,194,373	\$ -	\$ -	\$ 1,194,373
Certificates of Deposit	-	-	-	497,699
Cash	-	-	-	2,440
Total Assets	<u>\$ 1,194,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,694,512</u>

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

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

The Foundation's contributions receivable as of August 31, 2019 were \$551,020. 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, and other miscellaneous revenues. During the year ended August 31, 2019, the Foundation received \$1,037,650 from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for chapter dues, insurance, and other miscellaneous ancillary expenses that the National Organizations pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$253,082 were paid from the Foundation to the National Organization during the year ended August 31, 2019.

Chapters who assist with the organization and granting of wishes from other chapters are paid a "fee for service" called the wish assist fee. Under this program, the originating chapter agrees to pay a fee to the chapter of the wish destination to assist with any planning, booking, and facilitating of the wish for the home chapter. Under this program, the Foundation received \$6,900 for the year ended August 31, 2019, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

Due from National Organization	\$ 74,697
Due from Other Chapters	<u>21,872</u>
Total Due from Related Entities	<u><u>\$ 96,569</u></u>
Due to Other Chapters	<u>\$ 2,382</u>
Total Due to Related Entities	<u><u>\$ 2,382</u></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.



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

During 2018 the Foundation received contributions, both cash and in-kind, from board members totaling \$52,827. There are \$2,000 receivables on these contributions as of August 31, 2019.

**NOTE 7 PROPERTY AND EQUIPMENT, NET**

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

Computer Equipment and Software	\$ 79,972
Property and Equipment	133,396
Leasehold Improvements	<u>160,755</u>
Total	374,123
Less Accumulated Depreciation and Amortization	<u>(126,232)</u>
Property and Equipment, Net	<u><u>\$ 247,891</u></u>

Depreciation and amortization expense totaled \$29,553 for the year ended August 31, 2019.

**NOTE 8 LOAN PAYABLE**

In April 2019, the Foundation entered into a note payable with a financial institution initially totaling \$43,549. The amount was amended in September 2019 to \$47,267. The note bears interest at 6.9%, requires payments in equal monthly installments of \$921, and matures in April 2024. The remaining principal payments subsequent to August 31, 2019 are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2020	\$ 8,451
2021	9,126
2022	9,705
2023	10,320
2024	<u>6,322</u>
Total	<u><u>\$ 43,924</u></u>

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**NOTE 9 LEASES**

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through July 2025. Total rent expense for all operating leases for the year ended August 31, 2019 totaled \$76,126.

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

<u>Year Ending August 31,</u>	<u>Amount</u>
2020	\$ 112,092
2021	129,231
2022	132,298
2023	135,661
2024	139,025
Thereafter	130,336
Total	<u><u>\$ 778,643</u></u>

**NOTE 10 NET ASSETS**

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

Subject to Expenditure for Specified Purpose:	
Wish Granting	<u>\$ 262,278</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 262,278</u></u>

**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. 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 4% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2019 were \$41,438.

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**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 \$1,052,926 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 ending August 31, 2019, the Foundation granted 319 wishes. As of the end of the year there were approximately 458 wish children who are eligible for a wish. The average cost of a wish for the fiscal year was \$6,283 in cash and \$5,037 in in-kind for total cost of \$11,320.

**NOTE 15 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through December 17, 2019, the date at which the financial statements were available to be issued.

