MAKE-A-WISH FOUNDATION® OF SAN DIEGO, INC.

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2019

MAKE-A-WISH FOUNDATION® OF SAN DIEGO, INC.
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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of San Diego, Inc.
San Diego, California

We have audited the accompanying financial statements of Make-A-Wish Foundation® of San Diego, Inc., which comprise the statement of financial position as of August 31, 2019 and the related statements of activities, functional expenses, and cash flows, 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 audits 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.

Board of Directors
Make-A-Wish Foundation® of San Diego, Inc.

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 San Diego, Inc. 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, Make-A-Wish Foundation of San Diego, Inc. 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 San Diego, Inc. 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
February 19, 2020

MAKE-A-WISH FOUNDATION® OF SAN DIEGO, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019

ASSETS		
Cash and Cash Equivalents	$	279,694
Investments		6,042,257
Due from Related Entities		110,207
Prepaid Expenses		186,275
Contributions Receivable, Net		134,910
Property and Equipment, Net		26,706
Beneficial Interest in Assets Held by Others		354,878
Investments Held for Long-Term Purposes		1,027,320
Total Assets	$	8,162,247
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$	281,953
Due to Related Entities		19,790
Other Liabilities		8,286
Total Liabilities		310,029
NET ASSETS		
Without Donor Restrictions		5,858,235
With Donor Restrictions		1,993,983
Total Net Assets		7,852,218
Total Liabilities and Net Assets	$	8,162,247

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SAN DIEGO, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions	$ 2,831,488	$ 1,134,910	$ 3,966,398
Grants	379,825	-	379,825
Total Public Support	3,211,313	1,134,910	4,346,223
Internal Special Events	1,567,276	85,600	1,652,876
Less Costs of Direct Benefits to Donors	(513,511)	-	(513,511)
Total Special Events	1,053,765	85,600	1,139,365
Investment Gain, Net	211,811	27,764	239,575
Other Income	105,374	-	105,374
Net Assets Released from Restrictions	279,398	(279,398)	-
Total Revenues, Gains, and Other Support	4,861,661	968,876	5,830,537
EXPENSES			
Program Services:			
Wish Granting	2,333,253	-	2,333,253
Program-Related Support	1,326,429	-	1,326,429
Total Program Services	3,659,682	-	3,659,682
Support Services:			
Fundraising	417,160	-	417,160
Management and General	629,215	-	629,215
Total Support Services	1,046,375	-	1,046,375
Total Program and Support Services Expense	4,706,057	-	4,706,057
CHANGE IN NET ASSETS	155,604	968,876	1,124,480
Net Assets - Beginning of Year - Before Change in Accounting Policy	4,329,493	1,025,107	5,354,600
Change in Accounting Policy	1,373,138	-	1,373,138
Net Assets - Beginning of Year - As Adjusted	5,702,631	1,025,107	6,727,738
NET ASSETS - END OF YEAR	$ 5,858,235	$ 1,993,983	$ 7,852,218

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SAN DIEGO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2019

	Program Services			Support Services				
	Wish Granting	Program-Related Support	Total Program Services	Fundraising	Management and General	Total Support Services	Direct Donor Benefits	Total
Direct Costs of Wishes	$ 2,333,253	$ -	$ 2,333,253	$ -	$ -	$ -	$ -	$ 2,333,253
Salaries, Taxes, and Benefits	-	966,207	966,207	257,946	341,582	599,528	-	1,565,735
Printing, Subscriptions, and Publications	-	5,929	5,929	17,294	25	17,319	-	23,248
Professional Fees	-	4,785	4,785	12,743	11,252	23,995	-	28,780
Rent and Utilities	-	88,355	88,355	14,488	28,455	42,943	-	131,298
Postage and Delivery	-	5,899	5,899	16,039	1,025	17,064	-	22,963
Travel	-	8,263	8,263	10,138	8,386	18,524	-	26,787
Meetings and Conferences	-	60,244	60,244	53,914	3,622	57,536	-	117,780
Office Supplies	-	26,728	26,728	3,060	4,275	7,335	-	34,063
Communications	-	7,376	7,376	1,903	2,332	4,235	-	11,611
Repairs and Maintenance	-	8,406	8,406	5,366	11,680	17,046	-	25,452
Insurance	-	4,620	4,620	833	1,507	2,340	-	6,960
Bad Debt Expense	-	-	-	-	101,036	101,036	-	101,036
Membership Dues	-	128	128	-	961	961	-	1,089
Volunteer Training	-	11,789	11,789	-	-	-	-	11,789
National Partnership Dues	-	126,100	126,100	23,436	42,552	65,988	-	192,088
Miscellaneous	-	1,600	1,600	-	62,754	62,754	-	64,354
Depreciation and Amortization	-	-	-	-	7,771	7,771	-	7,771
Special Event - Direct Donor Benefits	-	-	-	-	-	-	513,511	513,511
Total	2,333,253	1,326,429	3,659,682	417,160	629,215	1,046,375	513,511	5,219,568
Less Expenses Netted Against Revenues on Statement of Activities: Special Event Expenses	-	-	-	-	-	-	(513,511)	(513,511)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 2,333,253	$ 1,326,429	$ 3,659,682	$ 417,160	$ 629,215	$ 1,046,375	$ -	$ 4,706,057

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SAN DIEGO, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 1,124,480
Adjustments to reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation and Amortization	7,771
Net Realized and Unrealized Gains on Investments	(101,848)
Bad Debts	101,036
Contributions Restricted for Long-Term Investment	(1,000,000)
Changes in Assets and Liabilities:	
Contributions Receivable	(24,748)
Due from Related Entities	(27,084)
Prepaid Expenses	(141,977)
Other Assets	7,764
Accounts Payable and Accrued Expenses	(2,537)
Due to Related Entities	11,698
Net Cash Used by Operating Activities	(37,159)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(1,150,230)
Proceeds from Sales of Investments	19,185
Purchases of Property and Equipment	(7,565)
Net Cash Used by Investing Activities	(1,138,610)
CASH FLOWS FROM FINANCING ACTIVITIES	
Contributions Restricted for Long-Term Investment	1,000,000
Net Cash Provided by Financing Activities	1,000,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(175,769)
Cash and Cash Equivalents - Beginning of Year	455,463
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 279,694

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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. Certain investments are valued by using the net asset value (NAV) per share (or its equivalent), as a practical expedient.

Contributions Receivable

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

Property and Equipment, Net

Property and equipment having a useful life of more than one year are capitalized at cost when purchased with no minimum threshold. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally three to five years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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

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

Revenue Recognition

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor’s payment plan. Amortization of the discounts is recorded as additional contributions revenue. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

	Program	Fundraising	Management and General	Total
Wish Related	$ 1,063,973	$ -	$ -	$ 1,063,973
Professional Services	-	-	6,200	6,200
Other	54,125	16,000	-	70,125
Total	$ 1,118,098	$ 16,000	$ 6,200	
Special Events				164,726
Total				$ 1,305,024

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 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.

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 their fair value.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and California income taxes under the provisions of Internal Revenue Code Section (IRC) 501(c)(3) and Section 23701d of the California Revenue and Taxation 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 unrelated trade or business, in the opinion of management, is not material to the financial statement 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 one state jurisdiction.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The Foundation performs four functions: wish granting, program-related support, 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.

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.

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 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.

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 $8,286 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. 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, 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 restriction as of September 1, 2018 have increased by $1,373,138.

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	$ 7,949,266
Donor Imposed Restrictions:	
Restricted Funds	(966,663)
Endowments	(1,027,320)
Net Financial Assets after Donor-Imposed Restrictions	5,955,283
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 5,955,283

Our endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

NOTE 4 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of the financial instruments shown in the following 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, appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

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 finance committee, which oversees the Foundation's investment program in accordance with established guidelines.

Allocation of Investment Strategies

In addition to traditional stocks and fixed income securities, the Foundation may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity, and real asset strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly. Private equity funds employ buy-out and venture capital strategies and focus on investments in turn-around situations. Real asset funds generally hold interests in public real estate investment trusts (REITS) or commercial real estate through sole-member entities.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value of Financial Instruments (Continued)

Allocation of Investment Strategies (Continued)

Private equity and real asset strategies, therefore, often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material.

Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Foundation's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.

Fair Value Hierarchy

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

	Quoted Prices In Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Investments:				
Mutual Funds:				
Domestic Equity	$ 2,573,736	$ -	$ -	$ 2,573,736
International Equity	1,559,314	-	-	1,559,314
Bonds	2,936,527	-	-	2,936,527
Beneficial Interests in Assets Held by Others	-	-	354,878	354,878
Total	$ 7,069,577	$ -	$ 354,878	$ 7,424,455

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

For the valuation of beneficial interest in assets held by others at August 31, 2019, the Foundation used significant unobservable inputs (Level 3).

Quantitative Information About Level 3 Fair Value Measurements

Type of Investments	Fair Value at August 31, 2019	Valuation Technique	Unobservable Input
Beneficial Interests in Assets Held by Others	$ 354,878	Percentage of annual investment return applied to outstanding account	Rate of return of investments held by others

The following table presents a rollforward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the year ended August 31, 2019:

Beginning Balance	$ 354,150
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	2,007
Distributions	(1,279)
Ending Balance	$ 354,878
Change in Unrealized Gains or Losses for the Period Included in the Change in Net Assets Relating to Investments Still Held at End of Reporting Period	$ 2,007

NOTE 5 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2019 were $134,910, which are due from one donor. 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 SPLIT-INTEREST AGREEMENTS

Beneficial Interests in Assets Held by Others

In November 2008, the Foundation transferred $100,000 to The San Diego Foundation (TSDF). Distributions of income earned from TSDF are to be made semiannually, in March and September, or upon request after an allocation period, in amount determined by TSDF's board of directors based on earnings as defined in the agreement, to support the mission of the Foundation.

In July 2017, the Foundation transferred $100,000 to the Jewish Community Foundation (JCF). Distributions of income earned or principal shall be distributed upon written direction by two duly authorized officers or directors of the Foundation.

In September 2017, the Foundation transferred $100,000 to the Rancho Santa Fe Foundation (RSF). The Foundation shall appoint an advisory committee to advise on the distribution of income earned from RSF.

See Note 3 for fair value information on beneficial interest in assets held by others.

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES

The Foundation received the following distributions from the National Organization for the year ended August 31, 2019:

Corporate, Online, Whitemail, and General Contributions	$	605,007

These amounts are recorded in the statement of activities as public support revenue.

The Foundation paid to the National Organization the following amounts during the year ended August 31, 2019:

Chapter Dues	$	195,844
Services and Other		25,773
Total Amounts Paid	$	221,617

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 $91,750 for the year ended August 31, 2019, which is recorded in the accompanying statement of activities as other income.

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Amounts due from related entities at August 31, 2019 are as follows:

Due from National Organization	$	39,655
Due from Other Chapters		70,552
Total Due from Related Entities	$	110,207
Due to National Organization	$	19,790
Total Due to Related Entities	$	19,790

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 and wish assist fee income receivable. 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 $275,114. There are no outstanding contribution receivables from board members as of as of August 31, 2019.

NOTE 8 PROPERTY AND EQUIPMENT, NET

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

Computer Equipment and Software	$	81,628
Office Furniture		80,280
Total		161,908
Less Accumulated Depreciation and Amortization		(135,202)
Property and Equipment, Net	$	26,706

Depreciation and amortization expense totaled $7,771 for the year ended August 31, 2019.

NOTE 9 LEASES

The Foundation is obligated under operating leases for office space, which expires in September 2020. Total rent expense for this lease for the year ended August 31, 2019 totaled $131,298.

Future minimum lease payments under this lease are as follows:

Year Ending August 31:	Operating Leases
2020	$ 132,898
2021	11,102
Total Minimum Lease Payments	$ 144,000

NOTE 10 NET ASSETS

Net Assets With Donor Restrictions

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

Subject to Expenditure for Specified Purpose:	
Wish Granting	$ 881,063
Special Event	85,600
Total	966,663
Endowments:	
Subject to Endowment Spending Policy and Appropriation:	
Earnings on Endowment Funds	27,320
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:	
Tawney Endowment Fund	1,000,000
Total	1,027,320
Total Donor Restricted Net Assets	$ 1,993,983

NOTE 11 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 a variety of donor-restricted purposes. 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 California UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor restricted net assets: (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulated earnings on the donor-restricted endowment funds. The accumulated earnings on the endowment funds remain treated as donor restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	$ -	$ 1,027,320	$ 1,027,320
Board-Designated Endowment Funds	-	-	-
Total Funds	$ -	$ 1,027,320	$ 1,027,320

NOTE 11 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

Changes in endowment funds for the year ended August 31 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	$ -	$ -	$ -
Investment Return:			
Investment Income	-	8,883	8,883
Net Appreciation (Realized and Unrealized)	-	18,437	18,437
Total Investment Return	-	27,320	27,320
Contributions	-	1,000,000	1,000,000
Endowment Funds - End of Year	$ -	$ 1,027,320	$ 1,027,320

Fund Deficiencies

There are no fund deficiencies as of August 31, 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 period(s). Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return equal to or greater than the rate of inflation (Consumer Price Index) plus any spending and administrative expenses thus, at a minimum, maintaining the purchasing power of those assets managed by the Foundation. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

NOTE 11 ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's average market value of the portfolio each year. The endowment's annual market value shall be calculated by averaging the portfolio's quarterly market values. After 36 months, the endowment's market value shall be calculated by averaging the market value of the portfolio over the prior 12 quarters. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 5% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. Additionally, the board of directors may approve amounts in excess of the spending policy for appropriation as needed.

NOTE 12 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 IRC limitations. The Foundation contributions to the Plan for the year ended August 31, 2019 were $41,986.

NOTE 13 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.

Contributions totaling $1,227,291 were received from two donors for the year ended August 31, 2019, which represents 28% of total public support.

NOTE 14 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 15 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 220 wishes. As of the end of the year, there were approximately 259 wish children who are eligible for a wish. The average cost of a wish for the fiscal year was $6,721 in cash and $4,388 in in-kind for a total cost of $11,109.

NOTE 16 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through February 19, 2020, the date at which the financial statements were available to be issued.