

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED AUGUST 31, 2016 AND 2015**

**MAKE-A-WISH FOUNDATION® OF AMERICA  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of America  
Phoenix, Arizona

### **Report on Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Make-A-Wish Foundation® of America, which comprise the consolidated statements of financial position as of August 31, 2016 and 2015, and the related consolidated statements of activities, cash flows, and functional expenses, for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 America

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of America as of August 31, 2016 and 2015, and change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information included in Schedule 1 through 6 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
January 19, 2017

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2016 AND 2015**

	2016	2015
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 3,826,007	\$ 3,776,987
Investments	24,448,667	25,383,777
Due from Related Entities	709,940	517,262
Prepaid Expenses	897,150	1,110,057
Contributions Receivable, Net	6,371,849	5,786,863
Other Assets	252,863	48,552
Split-Interest Agreements	729,552	539,657
Investments Held for Long-Term Purposes	11,823,908	11,037,344
Property and Equipment, Net	2,672,744	2,487,538
Total Assets	\$ 51,732,680	\$ 50,688,037
<b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable and Accrued Expenses	\$ 3,199,453	\$ 3,244,739
Due to Related Entities	5,546,774	5,399,296
Other Liabilities	957,540	1,254,520
Total Liabilities	9,703,767	9,898,555
Net Assets		
Unrestricted	24,356,961	24,354,559
Temporarily Restricted	7,778,617	7,320,268
Permanently Restricted	9,893,335	9,114,655
Total Net Assets	42,028,913	40,789,482
Total Liabilities and Net Assets	\$ 51,732,680	\$ 50,688,037

*See accompanying Notes to Consolidated Financial Statements.*

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2016**  
**(With Summary Totals For Year Ended August 31,2015)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2015 Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>					
Public Support:					
Contributions, Net of Write-Offs	\$ 96,383,624	\$ 5,113,325	\$ 778,680	\$ 102,275,629	\$ 80,500,021
Grants	1,794,214	-	-	1,794,214	274,492
Total Public Support	98,177,838	5,113,325	778,680	104,069,843	80,774,513
Investment Income (Loss), Net	1,089,294	478,990	-	1,568,284	(596,300)
Chapter Assessments	8,146,744	-	-	8,146,744	7,458,902
Other Income	2,343,793	-	-	2,343,793	1,485,494
Net Assets Released from Restrictions	5,079,662	(5,079,662)	-	-	-
 Total Revenues, Gains, and Other Support	 114,837,331	 512,653	 778,680	 116,128,664	 89,122,609
<b>EXPENSES</b>					
Program Services:					
Wish Granting	746,258	-	-	746,258	501,309
Program-Related Support	73,104,136	-	-	73,104,136	65,916,941
Training and Development	2,288,505	-	-	2,288,505	1,329,266
Public Information	8,083,772	-	-	8,083,772	6,207,367
Total Program Services	84,222,671	-	-	84,222,671	73,954,883
Support Services:					
Fundraising	19,651,291	-	-	19,651,291	11,265,611
Management and General	10,579,173	-	-	10,579,173	8,693,224
Total Support Services	30,230,464	-	-	30,230,464	19,958,835
 Total Program and Support Services Expense	 114,453,135	 -	 -	 114,453,135	 93,913,718
<b>OTHER (INCOME) EXPENSE</b>					
Change in Value of Split-Interest Agreements	-	54,304	-	54,304	23,702
Gain on Sale of Property and Equipment	-	-	-	-	(96,810)
Total Expenses, Gains and Losses	114,453,135	54,304	-	114,507,439	93,840,610
 Change in Net Assets Before Liquidation	 384,196	 458,349	 778,680	 1,621,225	 (4,718,001)
Liquidation of Texas Plains Chapter	(381,794)	-	-	(381,794)	-
 Change in Net Assets	 2,402	 458,349	 778,680	 1,239,431	 (4,718,001)
Net Assets - Beginning of Year	24,354,559	7,320,268	9,114,655	40,789,482	45,507,483
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 24,356,961</b>	<b>\$ 7,778,617</b>	<b>\$ 9,893,335</b>	<b>\$ 42,028,913</b>	<b>\$ 40,789,482</b>

See accompanying Notes to Consolidated Financial Statements.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Public Support:				
Contributions, Net of Write-Offs	\$ 75,596,922	\$ 4,385,320	\$ 517,779	\$ 80,500,021
Grants	274,492	-	-	274,492
Total Public Support	<u>75,871,414</u>	<u>4,385,320</u>	<u>517,779</u>	<u>80,774,513</u>
Investment Loss, Net	(283,077)	(313,223)	-	(596,300)
Chapter Assessments	7,458,902	-	-	7,458,902
Other Income	1,485,494	-	-	1,485,494
Net Assets Released from Restrictions	<u>3,982,583</u>	<u>(3,982,583)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>88,515,316</u>	<u>89,514</u>	<u>517,779</u>	<u>89,122,609</u>
<b>EXPENSES</b>				
Program Services:				
Wish Granting	501,309	-	-	501,309
Program-Related Support	65,916,941	-	-	65,916,941
Training and Development	1,329,266	-	-	1,329,266
Public Information	6,207,367	-	-	6,207,367
Total Program Services	<u>73,954,883</u>	<u>-</u>	<u>-</u>	<u>73,954,883</u>
Support Services:				
Fundraising	11,265,611	-	-	11,265,611
Management and General	8,693,224	-	-	8,693,224
Total Support Services	<u>19,958,835</u>	<u>-</u>	<u>-</u>	<u>19,958,835</u>
Total Program and Support Services Expense	93,913,718	-	-	93,913,718
<b>OTHER (INCOME) EXPENSE</b>				
Change in Value of Split-Interest Agreements	-	23,702	-	23,702
Gain on Sale of Property and Equipment	(96,810)	-	-	(96,810)
Total Expenses, Gains and Losses	<u>93,816,908</u>	<u>23,702</u>	<u>-</u>	<u>93,840,610</u>
Change in Net Assets	(5,301,592)	65,812	517,779	(4,718,001)
Net Assets - Beginning of Year	<u>29,656,151</u>	<u>7,254,456</u>	<u>8,596,876</u>	<u>45,507,483</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 24,354,559</u>	<u>\$ 7,320,268</u>	<u>\$ 9,114,655</u>	<u>\$ 40,789,482</u>

See accompanying Notes to Consolidated Financial Statements.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2016 AND 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,239,431	\$ (4,718,001)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	848,797	615,083
Bad Debt Expense	-	107,741
Contributions Restricted for Long-Term Investment	(778,680)	(517,779)
Net Realized and Unrealized (Gains) Losses on Investments	(1,044,500)	1,101,119
Gain on Sale of Property and Equipment	-	(96,810)
Contributed Property and Equipment and Investments	(329,482)	(342,498)
Change in Value of Split-Interest Agreements	54,304	23,702
Change in Discount to Present Value of Contributions Receivable	(38,112)	44,364
Changes in Assets and Liabilities:		
Contributions Receivable	(546,874)	(791,055)
Due from Related Entities	(192,678)	859,260
Prepaid Expenses	212,907	(479,135)
Other Assets	(204,311)	22,725
Accounts Payable and Accrued Expenses	(45,286)	259,366
Due to Related Entities	147,478	168,019
Other Liabilities	(296,980)	165,557
Net Cash Used by Operating Activities	(973,986)	(3,578,342)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(8,190,501)	(26,069,465)
Proceeds from Sales of Investments	9,389,830	27,301,275
Purchases of Property and Equipment	(955,003)	(585,695)
Proceeds from Sale of Property and Equipment	-	225,085
Net Cash Provided by Investing Activities	244,326	871,200
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Restricted for Long-Term Investment	778,680	517,779
Net Cash Provided by Financing Activities	778,680	517,779
Net Increase (Decrease) in Cash and Cash Equivalents	49,020	(2,189,363)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	3,776,987	5,966,350
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 3,826,007	\$ 3,776,987
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Contributed Investments	\$ 250,482	\$ 181,048
Contributed Property and Equipment	79,000	161,450

See accompanying Notes to Consolidated Financial Statements.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2016**

	Program Services				Total Program Services	Support Services			Total
	Wish Granting	Program-Related Support	Training and Development	Public Information		Fundraising	Management and General	Total Support Services	
Distributions to Related Entities	\$ -	\$ 61,764,500	\$ -	\$ -	\$ 61,764,500	\$ -	\$ -	\$ -	\$ 61,764,500
Salaries, Taxes, and Benefits	561,903	5,715,798	642,659	538,941	7,459,301	3,336,533	6,013,896	9,350,429	16,809,730
Printing, Subscriptions, and Publications	1,244	23,064	14,124	1,379,125	1,417,557	1,903,080	464,330	2,367,410	3,784,967
Professional Fees	14,958	2,355,380	167,642	609,869	3,147,849	2,447,094	2,120,506	4,567,600	7,715,449
Rent and Utilities	24,656	202,532	26,242	18,882	272,312	115,680	190,766	306,446	578,758
Postage and Delivery	2,807	41,032	3,269	858,573	905,681	1,159,691	290,232	1,449,923	2,355,604
Travel	54,910	439,871	261,162	79,551	835,494	249,638	372,459	622,097	1,457,591
Meetings and Conferences	23,153	48,234	1,121,350	4,879	1,197,616	75,321	293,153	368,474	1,566,090
Office Supplies	8,405	77,430	17,311	11,649	114,795	47,155	166,615	213,770	328,565
Communications	4,666	37,722	6,234	5,809	54,431	27,801	50,682	78,483	132,914
Advertising and Media (Cash)	-	-	971	139,830	140,801	138,031	47,577	185,608	326,409
Advertising and Media (In-Kind)	-	-	-	4,397,760	4,397,760	9,402,251	-	9,402,251	13,800,011
Repairs and Maintenance	342	4,709	342	342	5,735	16,280	41,085	57,365	63,100
Insurance	22,706	610,434	3,468	3,262	639,870	18,398	93,867	112,265	752,135
Membership Dues	260	139,070	550	75	139,955	39,585	15,878	55,463	195,418
Grants and Scholarships	-	1,377,453	-	-	1,377,453	-	-	-	1,377,453
Miscellaneous	657	6,396	1,269	500	8,822	457,914	128,908	586,822	595,644
Depreciation and Amortization	25,591	260,511	21,912	34,725	342,739	216,839	289,219	506,058	848,797
	<u>\$ 746,258</u>	<u>\$ 73,104,136</u>	<u>\$ 2,288,505</u>	<u>\$ 8,083,772</u>	<u>\$ 84,222,671</u>	<u>\$ 19,651,291</u>	<u>\$ 10,579,173</u>	<u>\$ 30,230,464</u>	<u>\$ 114,453,135</u>

See accompanying Notes to Consolidated Financial Statements.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2015**

	Program Services				Support Services				Total
	Wish Granting	Program-Related Support	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ -	\$ 40,950	\$ -	\$ -	\$ 40,950	\$ -	\$ -	\$ -	\$ 40,950
Distributions to Related Entities	-	53,876,777	-	-	53,876,777	-	-	-	53,876,777
Salaries, Taxes, and Benefits	382,623	5,040,958	297,564	491,207	6,212,352	3,183,293	5,562,814	8,746,107	14,958,459
Printing, Subscriptions, and Publications	571	19,959	20,090	1,437,011	1,477,631	1,895,312	489,908	2,385,220	3,862,851
Professional Fees	9,922	2,664,401	110,619	599,371	3,384,313	2,603,188	1,051,173	3,654,361	7,038,674
Rent and Utilities	17,647	209,591	11,996	17,647	256,881	141,274	196,441	337,715	594,596
Postage and Delivery	2,631	35,951	2,865	839,379	880,826	1,137,116	281,586	1,418,702	2,299,528
Travel	47,328	398,291	88,780	59,920	594,319	219,133	310,091	529,224	1,123,543
Meetings and Conferences	3,073	36,763	763,688	3,807	807,331	105,039	179,666	284,705	1,092,036
Office Supplies	6,304	79,362	8,112	5,657	99,435	48,884	144,870	193,754	293,189
Communications	4,894	45,660	3,707	5,463	59,724	32,174	47,618	79,792	139,516
Advertising and Media (Cash)	3,997	-	-	47,910	51,907	419,979	21,932	441,911	493,818
Advertising and Media (In-Kind)	-	-	-	2,660,706	2,660,706	747,137	-	747,137	3,407,843
Repairs and Maintenance	452	7,485	302	452	8,691	23,185	9,547	32,732	41,423
Insurance	2,882	527,618	1,921	2,882	535,303	31,580	73,115	104,695	639,998
Bad Debt Expense	-	-	-	-	-	107,741	-	107,741	107,741
Membership Dues	-	207,863	360	-	208,223	58,211	17,030	75,241	283,464
Grants and Scholarships	-	2,549,745	-	-	2,549,745	-	-	-	2,549,745
Miscellaneous	383	4,930	968	5,780	12,061	346,311	96,112	442,423	454,484
Depreciation and Amortization	18,602	170,637	18,294	30,175	237,708	166,054	211,321	377,375	615,083
	<u>\$ 501,309</u>	<u>\$ 65,916,941</u>	<u>\$ 1,329,266</u>	<u>\$ 6,207,367</u>	<u>\$ 73,954,883</u>	<u>\$ 11,265,611</u>	<u>\$ 8,693,224</u>	<u>\$ 19,958,835</u>	<u>\$ 93,913,718</u>

See accompanying Notes to Consolidated Financial Statements.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of America (the Foundation) is an Arizona nonprofit corporation, the mission of which is to grant the wishes of children with life-threatening medical conditions to enrich the human experience with hope, strength and joy. The “Foundation’s Purpose” is to grant the wish of each child who has reached the age of 2-1/2 and is under the age of 18 and who has a life threatening medical condition (i.e. a progressive, degenerative or malignant medical condition) that has placed the child’s life in jeopardy. The Foundation charters local chapters throughout the United States, its territories and possessions (Chapters) and provides financial support, guidance, and other assistance to such Chapters in performing the Foundation’s Purpose. As of August 31, 2016 and 2015, the Foundation had 62 and 61 active chartered Chapters, respectively.

Chapter Agreements entered into between each Chapter and the Foundation provide for common purposes and policy direction. The Chapter Agreement also provides the Foundation with a security interest in the assets of the Chapters. The Foundation has elected not to consolidate the Chapters’ financial results into the accompanying financial statements, except when the Foundation assumes control of a Chapter. As of and for the years ended August 31, 2016 and 2015, the combined Chapters’ financial results (excluding the Foundation, the financial results of which are presented in the accompanying financial statements) were as follows:

	2016	2015
	(Dollars in Millions)	
Total Assets	\$ 284.0	\$ 270.4
Total Liabilities	120.3	103.6
Total Net Assets	163.7	166.8
Total Revenues	226.8	213.0
Total Expenses	230.0	221.8

As of August 31, 2015, the Foundation had assumed control of one chapter Make-A-Wish® Foundation of the Texas Plains and therefore, included the assets, liabilities and operating results of that chapter in the Foundation’s financial statements for the year then ended. The Texas Plains chapter was dissolved on August 31, 2016, therefore the operating results of that chapter were included in the Foundation’s financials for the year then ended.

**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 U.S. generally accepted accounting principles (GAAP) applicable to nonprofit entities.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

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

**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. Included in cash and cash equivalents at August 31, 2016 and 2015 is \$849,974 and \$997,988, respectively, of money market mutual funds.

**Investments**

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in unrestricted 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.

Investments held for long-term purposes have been segregated due to donor-imposed restrictions that limit their use to long-term purposes.

**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. 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 10 years. Leasehold improvements are amortized over the shorter of the estimated useful lives of the assets 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.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

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

**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 Inputs: 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 Inputs: 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 Inputs: 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.

See additional information in Note 3.

The Foundation utilizes the net asset value (NAV) per share or its equivalent for valuing certain investments in funds that do not have readily determinable fair values. NAV, in many instances, may not equal fair value.

**Net Assets**

The Foundation's net assets and changes therein are classified and reported as follows:

- **Permanently restricted net assets** – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for unrestricted purposes.

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

**Net Assets (Continued)**

- **Temporarily restricted net assets** – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.
- **Unrestricted net assets** – Net assets that are not subject to donor-imposed restrictions or law.

**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, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. 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.

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

The Foundation received in-kind contributions of assets and services that are recorded as follows at August 31:

	Support Services			2016 Total
	Programs	Fundraising	Management and General	
Program and Support Service Expenses				
Wish Related	\$ 13,112,918	\$ -	\$ -	\$ 13,112,918
Professional Services	9,038	815,723	129,018	953,779
Advertising and Media	4,397,760	9,402,251	-	13,800,011
Other	11,018	52,682	7,346	71,046
Total Program and Supported Service Expenses	<u>\$ 17,530,734</u>	<u>\$ 10,270,656</u>	<u>\$ 136,364</u>	27,937,754
Investments (Asset)				250,482
Property and Equipment (Capitalized)				79,000
Total				<u>\$ 28,267,236</u>

  

	Support Services			2015 Total
	Programs	Fundraising	Management and General	
Program and Support Service Expenses				
Wish Related	\$ 10,535,001	\$ -	\$ -	\$ 10,535,001
Professional Services	67,388	-	47,616	115,004
Advertising and Media	2,660,706	747,137	-	3,407,843
Other	8,076	4,509	6,198	18,783
Total Program and Supported Service Expenses	<u>\$ 13,271,171</u>	<u>\$ 751,646</u>	<u>\$ 53,814</u>	14,076,631
Investments (Asset)				181,048
Property and Equipment (Capitalized)				161,450
Total				<u>\$ 14,419,129</u>

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. Advertising and media are reported as contribution revenue when received and fundraising or public information, if allocated as a joint cost, 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. Advertising costs, including in-kind advertising and media, totaled \$14,126,420 and \$3,901,661 for the years ended August 31, 2016 and 2015, respectively.

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

Wish related in-kind contributions consisted of the following:

	2016	2015
Computer Equipment, Games and Toys	\$ 519,179	\$ 807,626
Cruises	796,832	504,124
Lodging	3,016,839	1,880,552
Theme Parks	1,146,729	1,162,283
Transportation	5,488,071	5,651,825
Olympic Package	1,419,129	-
Other Wish-Related Donations	726,139	528,591
Total	<u>\$ 13,112,918</u>	<u>\$ 10,535,001</u>

**Income Taxes**

The Foundation is a nonprofit organization exempt from federal income and Arizona taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and Arizona Revised Statutes § 43-1201(4). 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, 2016 and 2015. The Foundation files income tax returns in the U.S. federal jurisdiction and Arizona jurisdiction.

**Functional Expenses**

The Foundation performs six functions: wish granting, program-related support, training and development, 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 life-threatening medical conditions.

**Program-Related Support**

Activities performed by the Foundation that promote Chapter development, monitor and direct Chapters, assist Chapters in complying with policies and guidelines, provide support for day-to-day Chapter management decisions, develop wish resources, administer wish programs, handle wish referrals and provide wish assistance for Chapters and wish placement.

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

Training and Development

Activities performed by the Foundation consisting of national conference workshops and e-learning 'best practices' classes prepared and conducted by the Foundation for the training, and development and implementation of the wish programs of the Foundation, including but not limited to, the identification of wish candidates and the determination and delivery of the wish.

Public Information

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

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2016 and 2015, the Foundation incurred joint costs for activities that include fundraising appeals (primarily direct mail campaigns and newsletters), which have been allocated as follows:

	2016	2015
Fundraising	\$ 3,124,285	\$ 3,009,280
Public Information	2,408,904	2,398,063
Management and General	738,810	693,669
Total	<u>\$ 6,271,999</u>	<u>\$ 6,101,012</u>

Management and General

All costs not identifiable with a single 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.

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

**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 \$504,635 and \$663,994 at August 31, 2016 and 2015, respectively, and is included in other liabilities in the statements of financial position.

**Management Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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, split-interest agreements and contributions receivable, accrued pending wish costs, net of attrition on pending wish costs and whether an allowance for uncollectible contributions receivable is required. The current economic environment continues to create a high degree of uncertainty in those estimates and assumptions.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**NOTE 3 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 tables as of August 31, 2016 and 2015 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.

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**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

**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

In addition to traditional stock 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 stock, 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 estate asset funds generally hold interests in public real estate investment trusts (REITS) or commercial real estate through sole-member entities. Private equity and real estate 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.

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**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

**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, 2016:

	Fair Value Measurements at August 31, 2016 Using				For Investments Recorded at Net Asset Value		
	(Level 1)	(Level 2)	(Level 3)	Total	Redemption or Liquidation	Days' Notice	Unfunded Commitments
Investments:							
Mutual Funds:							
Domestic Equity	\$ 4,883,085	\$ -	\$ -	\$ 4,883,085			
International Equity	3,183,360	-	-	3,183,360			
Real Estate	289,345	-	-	289,345			
Bonds	2,298,151	-	-	2,298,151			
Equity Securities:							
U.S. Corporate Equity Securities	3,334,078	-	-	3,334,078			
Debt Securities:							
U.S. Treasury	3,676,095	-	-	3,676,095			
U.S. Agency	-	1,437,804	-	1,437,804			
State Treasury	-	337,448	-	337,448			
Foreign Governments	-	48,551	-	48,551			
Corporate	-	2,440,506	-	2,440,506			
Alternative Investments:							
Common Collective Trust in Futures	-	233,006	-	233,006			
Common Collective Trust in Long-Short Equity Funds	-	191,766	-	191,766			
Common Collective Trust in Equity Mutual Funds	-	647,771	-	647,771			
Hedge Funds	-	-	1,408,067	1,408,067	Quarterly	45 Days	None
Cash and Cash Equivalents	39,634	-	-	39,634			
Total Investments	<u>\$ 17,703,748</u>	<u>\$ 5,336,852</u>	<u>\$ 1,408,067</u>	<u>\$ 24,448,667</u>			
Investments Held for Split-Interest Agreements							
Mutual Funds:							
Domestic Equity	\$ 321,836	\$ -	\$ -	\$ 321,836			
International Equity	108,110	-	-	108,110			
Real Estate	-	-	-	-			
Bonds	212,039	-	-	212,039			
Alternative Investments:							
Common Collective Trust in Equity Mutual Funds	-	72,692	-	72,692			
Cash and Cash Equivalents	14,875	-	-	14,875			
Total Investments Held for Split-Interest Agreements	<u>\$ 656,860</u>	<u>\$ 72,692</u>	<u>\$ -</u>	<u>\$ 729,552</u>			

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**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value Hierarchy (Continued)**

	Fair Value Measurements at August 31, 2016 Using				For Investments Recorded at Net Asset Value		
	(Level 1)	(Level 2)	(Level 3)	Total	Redemption or Liquidation	Days' Notice	Unfunded Commitments
Investments Held for							
Long-Term Purposes							
Mutual Funds:							
Domestic Equity	\$ 2,187,012	\$ -	\$ -	\$ 2,187,012			
International Equity	1,691,702	-	-	1,691,702			
Real Estate	269,844	-	-	269,844			
Bonds	2,879,977	-	-	2,879,977			
U.S. Government Securities	317,029	-	-	317,029			
Equity Securities:							
U.S. Corporate Equity Securities	2,574,218	-	-	2,574,218			
Alternative Investments:							
Common Collective Trust in Futures	-	196,938	-	196,938			
Common Collective Trust in Commodities	-	30,871	-	30,871			
Common Collective Trust in Long/Short Equity Funds	-	97,191	-	97,191			
Common Collective Trust in Equity Mutual Funds	-	612,109	-	612,109			
Hedge Funds			427,232	427,232	Sem-Annual	60 days	None
Cash and Cash Equivalents	539,785	-	-	539,785			
<b>Total Investments Held for Long-Term Purposes</b>	<b>\$ 10,459,567</b>	<b>\$ 937,109</b>	<b>\$ 427,232</b>	<b>\$ 11,823,908</b>			
<b>Total Investments</b>	<b>\$ 28,820,175</b>	<b>\$ 6,346,653</b>	<b>\$ 1,835,299</b>	<b>\$ 37,002,127</b>			

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, 2015:

	Fair Value Measurements at August 31, 2015 Using				For Investments Recorded at Net Asset Value		
	(Level 1)	(Level 2)	(Level 3)	Total	Redemption or Liquidation	Days' Notice	Unfunded Commitments
Investments:							
Mutual Funds:							
Domestic Equity	\$ 3,975,941	\$ -	\$ -	\$ 3,975,941			
International Equity	4,155,609	-	-	4,155,609			
Real Estate	465,420	-	-	465,420			
Bonds	950,490	-	-	950,490			
U.S. Government Securities	868,107	-	-	868,107			
Equity Securities:							
U.S. Corporate Equity Securities	4,052,091	-	-	4,052,091			
Debt Securities:							
U.S. Treasury	3,914,334	-	-	3,914,334			
U.S. Agency	-	1,614,310	-	1,614,310			
State Treasury	-	357,420	-	357,420			
Foreign Governments	-	84,254	-	84,254			
Corporate	-	2,138,526	-	2,138,526			
Alternative Investments:							
Common Collective Trust in Futures	-	136,069	-	136,069			
Common Collective Trust in Commodities	-	196,516	-	196,516			
Common Collective Trust in Equity Mutual Funds	-	650,538	-	650,538			
Hedge Funds	-	-	1,780,211	1,780,211	Quarterly	45 Days	None
Cash and Cash Equivalents	43,941	-	-	43,941			
<b>Total Investments</b>	<b>\$ 18,425,933</b>	<b>\$ 5,177,633</b>	<b>\$ 1,780,211</b>	<b>\$ 25,383,777</b>			

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**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value Hierarchy (Continued)**

	Fair Value Measurements at August 31, 2015 Using				For Investments Recorded at Net Asset Value		
	(Level 1)	(Level 2)	(Level 3)	Total	Redemption or Liquidation	Days' Notice	Unfunded Commitments
Investments Held for Split-Interest Agreements							
Mutual Funds:							
Domestic Equity	\$ 236,422	\$ -	\$ -	\$ 236,422			
International Equity	90,329	-	-	90,329			
Real Estate	7,981	-	-	7,981			
Bonds	147,402	-	-	147,402			
Alternative Investments:							
Common Collective Trust in Futures	-	7,693	-	7,693			
Common Collective Trust in Commodities	-	6,132	-	6,132			
Common Collective Trust in Equity Mutual Funds	-	27,034	-	27,034			
Cash and Cash Equivalents	16,664	-	-	16,664			
Total Investments Held for Split-Interest Agreements	<u>\$ 498,798</u>	<u>\$ 40,859</u>	<u>\$ -</u>	<u>\$ 539,657</u>			
Investments Held for Long-Term Purposes							
Mutual Funds:							
Domestic Equity	\$ 1,921,561	\$ -	\$ -	\$ 1,921,561			
International Equity	1,593,316	-	-	1,593,316			
Real Estate	303,595	-	-	303,595			
Bonds	2,804,136	-	-	2,804,136			
U.S. Government Securities	317,834	-	-	317,834			
Equity Securities:							
U.S. Corporate Equity Securities	2,479,572	-	-	2,479,572			
Alternative Investments:							
Common Collective Trust in futures	-	122,867	-	122,867			
Common Collective Trust in Commodities	-	33,460	-	33,460			
Common Collective Trust in Long/Short Equity Funds	-	99,599	-	99,599			
Common Collective Trust in Equity Mutual Funds	-	540,701	-	540,701			
Hedge Funds			477,165	477,165	Semi-Annual	60 days	None
Cash and Cash Equivalents	343,538	-	-	343,538			
Total Investments Held for Long-Term Purposes	<u>\$ 9,763,552</u>	<u>\$ 796,627</u>	<u>\$ 477,165</u>	<u>\$ 11,037,344</u>			
Total Investments	<u>\$ 28,688,283</u>	<u>\$ 6,015,119</u>	<u>\$ 2,257,376</u>	<u>\$ 36,960,778</u>			

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**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value Hierarchy (Continued)**

For the valuation of investments, investments held for split-interest agreements and investments held for long-term purposes at August 31, 2016 and 2015, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

For the valuation of investments and investments held for long term purposes at August 31, 2016 and 2015, the Foundation used significant unobservable inputs including net asset value, as a practical expedient (Level 3).

Quantitative Information About Level 3 Fair Value Measurements

Type of Investments	Fair Value at August 31, 2016	Fair Value at August 31, 2015	Valuation Technique	Unobservable Input
Hedge Funds:				
Investments	\$ 1,408,067	\$ 1,780,211	Net Asset Value (NAV)	Percentage of ownership applied to fair market value as stated in audited financial statements.
Long-Term Investments	427,232	477,165	Net Asset Value (NAV)	Percentage of ownership applied to fair market value as stated in audited financial statements.
Total	<u>\$ 1,835,299</u>	<u>\$ 2,257,376</u>		

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**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value Hierarchy (Continued)**

The following table presents a rollforward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the years ended August 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Beginning Balance	\$ 2,257,376	\$ 2,850,887
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	(173,425)	40,059
Purchases	24,538	1,707,034
Sales	(273,190)	(2,340,604)
Ending Balance	<u>\$ 1,835,299</u>	<u>\$ 2,257,376</u>
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	<u>\$ (173,425)</u>	<u>\$ (16,815)</u>

Investment liquidity as of August 31, 2016 and 2015 are aggregated below based on redemption or sale period.

	<u>Investment Value</u>	
	<u>2016</u>	<u>2015</u>
Investment Redemption or Sale Period:		
Daily	\$ 35,166,828	\$ 34,703,402
Quarterly	1,408,067	1,780,211
Semi-Annual	427,232	477,165
Total	<u>\$ 37,002,127</u>	<u>\$ 36,960,778</u>

Total investment income, gains, and losses for the years ended August 31, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Interest and Dividend Income	\$ 673,687	\$ 670,770
Realized and Unrealized Gains (Losses), Net	1,044,500	(1,101,119)
Less Investment Expenses	(149,903)	(165,951)
Investment Income (Loss), Net	<u>\$ 1,568,284</u>	<u>\$ (596,300)</u>

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**NOTE 4 CONTRIBUTIONS RECEIVABLE**

Contributions receivable include pledges that have been discounted at rates ranging from 2.770% to 4.25% during August 31, 2016 and 2015. The following is a summary of the Foundation's contributions receivable at August 31:

	2016	2015
Total Amounts Due in:		
One Year	\$ 5,698,796	\$ 4,911,021
Two to Five Years	466,349	707,250
More than Five Years	475,000	475,000
Gross Contributions Receivable	6,640,145	6,093,271
Less Allowance for Doubtful Accounts	-	-
Less Discount to Present Value	(268,296)	(306,408)
Contributions Receivable, Net	\$ 6,371,849	\$ 5,786,863

**NOTE 5 SPLIT-INTEREST AGREEMENTS**

**Charitable Gift Annuities**

Donors have contributed assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the terms of such agreements, no trust exists, as the assets received are held by and the liability is an obligation of the Foundation. The Foundation records contribution revenue using the fair value of the assets less the present value of the payments expected to be made to the beneficiaries. The present value of payments to beneficiaries under these arrangements is calculated using present value techniques. The discount rates used for the years ended August 31, 2016 and 2015 ranged from 1.20% to 6.20%. The charitable gift annuities account also includes assets from contributions and income totaling \$38,507 and \$36,045 at August 31, 2016 and 2015, respectively, for legally mandated reserves.

Liabilities to beneficiaries under charitable gift annuities totaled \$301,980 and \$220,056 at August 31, 2016 and 2015, respectively, and are included in other liabilities in the accompanying consolidated statements of financial position.

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**NOTE 5 SPLIT-INTEREST AGREEMENTS (CONTINUED)**

Liabilities to chapters who are designated as remainder beneficiaries under charitable gift annuities totaled \$316,245 and \$199,942 at August 31, 2016 and 2015, respectively, and are included in due to related entities in the accompanying consolidated statements of financial position.

**NOTE 6 TRANSACTIONS WITH RELATED ENTITIES**

Chapters pay annual dues to the Foundation, which were \$8,146,744 and \$7,458,902, for the years ended August 31, 2016 and 2015. The Foundation supports the Chapters by providing funding and other support for the granting of wishes.

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and, as determined by the Foundation, are shared with the Chapters. 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 years ended August 31, 2016 and 2015, the Foundation provided the Chapters with contributions which were \$45,972,302 and \$42,365,250, respectively, from these national revenue streams.

As part of the Foundation's Wishes Forever Campaign, donors may designate chapters to receive periodic distributions, if and when such distributions are approved by the Audit and Finance Committee of the Foundation. Distributions are limited to income earned by the underlying assets which are held in perpetuity by the Foundation. Under this program, the Foundation provided the Chapters with contributions which were \$217,735 and \$247,273 for the years ended August 31, 2016 and 2015, respectively.

The Foundation conducts national fundraising efforts for which in-kind donations are received and shared with the Chapters. Donations received as a result of these efforts are reported in the consolidated statements of activities as in-kind contributions to the unrestricted fund and reported as Distributions to Related Entities, or expenses of the Foundation, in the consolidated statements of functional expenses. Under this program, the Foundation provided the Chapters with contributions which were \$12,830,879 and \$10,427,919, for the years ended August 31, 2016 and 2015, respectively.

As part of the Foundation's Wish Fulfillment Fund (a designated fund), Chapters may apply for funds that have been donated by corporate sponsors or other Chapters to underwrite the cost of wishes. Under this program, the Foundation provided 19 and 36 Chapters with contributions, totaling \$2,743,584 and \$836,335 during the years ended August 31, 2016 and 2015, respectively, which are reported in the consolidated statements of functional expenses as Distributions to Related Entities.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

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

As part of the Foundation's grant and scholarship programs, Chapters may apply for funds to supplement existing programs to attend Foundation sponsored events. Under these programs, the Foundation provided 44 and 43 Chapters with contributions, totaling \$1,377,453 and \$2,548,537, during the years ended August 31, 2016 and 2015, respectively, which are reported in the consolidated statements of functional expenses as Grants and Scholarships.

As of August 31, 2016 and 2015, the Foundation had amounts due from related entities of \$709,940 and \$517,262 and amounts due to related entities of \$5,546,774 and \$5,399,296.

Amounts due from Related Entities represent annual chapter dues, Wish Fulfillment Fund contributions and unreimbursed costs for joint administrative activities that have not been paid to the Foundation as of year-end. Amounts due to Related Entities represent contributions remitted to the Foundation that are specified for Chapters' use but were not yet transferred to the Chapters as of year-end or interests in Charitable Gift Annuities or Endowments for which Chapters are the beneficiary.

During 2016 and 2015, the Foundation received contributions, both cash and in kind, from employees and board members totaling \$271,249 and \$711,519, respectively. As of August 31, 2016 and 2015, amounts due from employees and board members totaled \$1,075,503 and \$1,106,897, respectively, and are included in contributions receivable in the accompanying consolidated statements of the financial position.

**NOTE 7 PROPERTY AND EQUIPMENT, NET**

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

	2016	2015
Computer Equipment and Software	\$ 2,272,764	\$ 1,768,113
Website and Website Templates	2,195,015	2,174,539
Office Furniture	703,295	703,295
Other Equipment	471,822	392,727
Leasehold Improvements	844,736	843,691
	<u>6,487,632</u>	<u>5,882,365</u>
Less Accumulated Depreciation and Amortization	(3,814,888)	(3,394,827)
Property and Equipment, Net	<u>\$ 2,672,744</u>	<u>\$ 2,487,538</u>

Depreciation and amortization expense totaled \$848,797 and \$615,083 for the years ended August 31, 2016 and 2015, respectively.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 8 ACCRUED PENDING WISH COSTS**

The Foundation accrues the estimated cost of reportable pending wishes when five certain, measurable wish criteria are met. Prior to meeting these five criteria, the wish is not considered an obligation due to the inherent uncertainties surrounding these criteria and is therefore not accrued as a pending wish. This accrual does not represent a legally binding liability, but is considered a moral obligation to the child by the Foundation arising when the five criteria are met. Reportable pending wish criteria include:

1. Receiving a referral,
2. Obtaining the required medical eligibility form,
3. Contact with the wish family has occurred to determine the prospective wish,
4. Determination that the wish falls within the National Organization's wish granting policy, and
5. The wish is expected to be granted within the next 12 months.

Estimated cash and in-kind costs owed as of year-end for all reportable pending wishes are accrued as pending wish liability. The in-kind portion of the pending wish liability represents the estimated in-kind outlay that is expected to be incurred in fulfilling each wish; note that the matching in-kind revenues are recognized when an unconditional promise is received for the required goods or services or in the future period when the wish is granted.

The Foundation, as part of its estimate of accrued pending wish costs, also considers attrition on pending wish costs. An attrition rate is calculated by the Foundation by analyzing the trend of wishes that have been accrued for using the five criteria discussed above that have not been able to be completed within the past twelve months due to factors outside of the control of the chapter, such as the death of a child, the move of the family out of the chapter's territory, or loss of contact with the family. As of August 31, 2016 and 2015, the Make-A-Wish Foundation® of the Texas Plains was inactive. As such the Foundation had no reportable pending wishes.

**NOTE 9 CREDIT AGREEMENT**

The Foundation has a sponsored corporate travel card account program (the Card Program) with a financial institution. In the event of default by the sponsored account holder, the Foundation has the primary and continuing obligation of payment. The total credit limit under this credit agreement is \$12,500,000, while \$4,915,300 and \$3,612,500 were outstanding on this credit agreement, as of August 31, 2016 and 2015, respectively.

The Foundation had a second sponsored corporate travel card account program (the Card Program) with a financial institution. As of August 31, 2016 and 2015 there were sponsored accounts with a total credit limit of \$-0- and \$3,763,000 issued under this agreement and \$-0- and \$647,000 outstanding on this credit agreement, respectively. This program was terminated during 2016.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**NOTE 10 LEASES**

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through October 31, 2019. Total rent expense for all operating leases, net of sublease payments for the years ended August 31, 2016 and 2015, totaled \$851,594 and \$820,994, respectively. Total sublease payments for the years ended August 31, 2016 and 2015, totaled \$64,557 and \$67,098.

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

	Operating Leases	Operating Sublease	Operating Leases, net
<u>Year Ending August 31:</u>			
2017	\$ 805,789	\$ (81,016)	\$ 724,773
2018	753,319	(82,621)	670,698
2019	764,036	(84,226)	679,810
2020	128,550	(14,328)	114,222
Total Minimum Lease Payments	\$ 2,451,694	\$ (262,191)	\$ 2,189,503

**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 2 general endowments and a group of funds established for the purpose of granting children's wishes, which together total approximately 45 individual donor-restricted funds. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets, both donor-restricted and board-designated, are reflected as investments held for long term purposes on the statements of financial position.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**NOTE 11 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law**

The board of directors of the Foundation has interpreted the Arizona 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 permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily 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 as of August 31, 2016 and 2015 is as follows:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ (1,368)	\$ 1,634,395	\$ 9,893,335	\$ 11,526,362
Board-Designated Endowment Funds	-	-	-	-
Total Funds	<u>\$ (1,368)</u>	<u>\$ 1,634,395</u>	<u>\$ 9,893,335</u>	<u>\$ 11,526,362</u>
	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ (2,479)	\$ 1,533,106	\$ 9,114,655	\$ 10,645,282
Board-Designated Endowment Funds	-	-	-	-
Total Funds	<u>\$ (2,479)</u>	<u>\$ 1,533,106</u>	<u>\$ 9,114,655</u>	<u>\$ 10,645,282</u>

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**NOTE 11 ENDOWMENTS (CONTINUED)**

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

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ (2,479)	\$ 1,533,106	\$ 9,114,655	\$ 10,645,282
Investment Return:				
Investment Income	774	173,460	-	174,234
Net Appreciation (Realized and Unrealized)	6,337	305,530	-	311,867
Total Investment Return	7,111	478,990	-	486,101
Contributions	-	-	778,680	778,680
Appropriation of Endowment Assets for Expenditure	(6,000)	(377,701)	-	(383,701)
Endowment Net Assets - End of Year	<u>\$ (1,368)</u>	<u>\$ 1,634,395</u>	<u>\$ 9,893,335</u>	<u>\$ 11,526,362</u>
	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ -	\$ 1,995,980	\$ 8,596,876	\$ 10,592,856
Investment Return:				
Investment Income	-	171,552	-	171,552
Net Depreciation (Realized and Unrealized)	(2,479)	(484,775)	-	(487,254)
Total Investment Return	(2,479)	(313,223)	-	(315,702)
Contributions	-	-	517,779	517,779
Appropriation of Endowment Assets for Expenditure	-	(149,651)	-	(149,651)
Endowment Net Assets - End of Year	<u>\$ (2,479)</u>	<u>\$ 1,533,106</u>	<u>\$ 9,114,655</u>	<u>\$ 10,645,282</u>

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**NOTE 11 ENDOWMENTS (CONTINUED)**

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets (endowment only):

	2016	2015
Permanently Restricted Net Assets:		
The Portion of Perpetual Endowment Funds that is Required to be Retained Permanently Either by Explicit Donor Stipulation or by UPMIFA	\$ 9,893,335	\$ 9,114,655
Temporarily restricted Net Assets:		
The Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA:		
Without Purpose Restrictions	\$ 1,634,395	\$ 1,411,728
With Purpose Restrictions	-	121,378
Total Endowment Funds Classified as Temporarily Restricted Net Assets	\$ 1,634,395	\$ 1,533,106

**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. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets were \$1,368 and \$2,479 as of August 31, 2016 and 2015, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the board of directors.

**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 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.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**NOTE 11 ENDOWMENTS (CONTINUED)**

**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.

**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 'Named' and 'Legacy' funds, as defined in the Endowment Policy are 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 'Named' and 'Legacy' endowment funds, are 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 each Fund, a reasonable percentage, not to exceed 3% of the Fund's market value, for administering the Fund. 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 2% 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.

**NOTE 12 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes for the year ended August 31:

	2016	2015
Time Restrictions	\$ 7,196,429	\$ 6,515,352
Purpose Restrictions	582,188	804,916
Total Temporarily Restricted Net Assets	\$ 7,778,617	\$ 7,320,268

For the year ended August 31, permanently restricted net assets are restricted to:

	2016	2015
Investments in Perpetuity, the Income from which is Expendable to Support Defined Activities of the Foundation	\$ 9,893,335	\$ 9,114,655

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**NOTE 13 RETIREMENT PLAN**

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan if they have reached 21 years of age and are employed upon the applicable entry date. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches 100% of employee contributions up to 5% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2016 and 2015 were \$432,358 and \$364,553, respectively.

**NOTE 14 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 \$10,142,745 and \$10,309,448 were received from a single donor for the years ended August 31, 2016 and 2015, respectively, which represents 9.8% and 12.8%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

**NOTE 15 LITIGATION AND CLAIMS**

The Foundation is involved in litigation and claims arising in the ordinary course of business. In the opinion of management, based on consultation with legal counsel, possible losses, if any, are immaterial to the Foundation's financial position, change in net assets, or liquidity, consequently, no provision has been made in the accompanying financial statements for losses, if any, which might result from the ultimate outcome of such matters.

**NOTE 16 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through January 19, 2017, the date at which the financial statements were available to be issued.

On November 2, 2016, the Foundation entered into a purchase agreement in the amount \$12,625,000 to purchase an 82,882 square foot office building in Phoenix, Arizona which it intends to use as its national headquarters. In conjunction with that purchase, the Foundation also entered into a \$15,000,000 term loan agreement with a bank to purchase the building and make required improvements thereto subsequent to the purchase.

## **Supplementary Information**

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**STATEMENTS OF FINANCIAL POSITION – NATIONAL OFFICE ONLY**  
**AUGUST 31, 2016 AND 2015**

<b>ASSETS</b>	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents	\$ 3,826,007	\$ 3,400,992
Investments	24,448,667	25,383,777
Due from Related Entities	709,940	517,262
Prepaid Expenses	897,150	1,110,057
Contributions Receivable, Net	6,371,849	5,786,863
Other Assets	252,863	48,172
Split-Interest Agreements	729,552	539,657
Investments Held for Long-Term Purposes	11,823,908	11,037,344
Property and Equipment, Net.	<u>2,672,744</u>	<u>2,487,038</u>
Total Assets	<u>\$ 51,732,680</u>	<u>\$ 50,311,162</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable and Accrued Expenses	\$ 3,199,453	\$ 3,244,739
Due to Related Entities	5,546,774	5,399,296
Other Liabilities	<u>957,540</u>	<u>1,254,520</u>
Total Liabilities	<u>9,703,767</u>	<u>9,898,555</u>
Net Assets		
Unrestricted	24,356,961	23,977,684
Temporarily Restricted	7,778,617	7,320,268
Permanently Restricted	<u>9,893,335</u>	<u>9,114,655</u>
Total Net Assets	<u>42,028,913</u>	<u>40,412,607</u>
Total Liabilities and Net Assets	<u>\$ 51,732,680</u>	<u>\$ 50,311,162</u>

See accompanying independent auditors' report.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**STATEMENT OF ACTIVITIES – NATIONAL OFFICE ONLY**  
**YEAR ENDED AUGUST 31, 2016**  
**(With Summary Totals For Year Ended August 31, 2015)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2015 Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>					
Public Support:					
Contributions, Net of Write-Offs	\$ 96,380,188	\$ 5,113,325	\$ 778,680	\$ 102,272,193	\$ 80,499,849
Grants	1,794,214	-	-	1,794,214	274,492
Total Public Support	<u>98,174,402</u>	<u>5,113,325</u>	<u>778,680</u>	<u>104,066,407</u>	<u>80,774,341</u>
Investment Income (Loss), Net	1,088,445	478,990	-	1,567,435	(597,880)
Chapter assessments	8,146,744	-	-	8,146,744	7,458,902
Other Income	2,342,569	-	-	2,342,569	1,485,497
Net Assets Released from Restrictions	5,079,662	(5,079,662)	-	-	-
Total Revenues, Gains, and Other Support	<u>114,831,822</u>	<u>512,653</u>	<u>778,680</u>	<u>116,123,155</u>	<u>89,120,860</u>
<b>EXPENSES</b>					
Program Services:					
Wish Granting	746,258	-	-	746,258	501,309
Program-Related Support	73,104,136	-	-	73,104,136	65,916,941
Training and Development	2,288,505	-	-	2,288,505	1,329,266
Public Information	8,083,772	-	-	8,083,772	6,207,367
Total Program Services	<u>84,222,671</u>	<u>-</u>	<u>-</u>	<u>84,222,671</u>	<u>73,954,883</u>
Support Services:					
Fundraising	19,651,291	-	-	19,651,291	11,265,611
Management and General	10,578,583	-	-	10,578,583	8,697,658
Total Support Services	<u>30,229,874</u>	<u>-</u>	<u>-</u>	<u>30,229,874</u>	<u>19,963,269</u>
Total Program and Support Services Expense	114,452,545	-	-	114,452,545	93,918,152
Change in Value of Split-Interest Agreements	-	54,304	-	54,304	23,702
Total Expenses and Losses	<u>114,452,545</u>	<u>54,304</u>	<u>-</u>	<u>114,506,849</u>	<u>93,941,854</u>
Change in Net Assets Before Transfers	379,277	458,349	778,680	1,616,306	(4,820,994)
Transfer of Assets from Texas Plains Chapter	-	-	-	-	300,000
Change in Net Assets	379,277	458,349	778,680	1,616,306	(4,520,994)
Net Assets - Beginning of Year	<u>23,977,684</u>	<u>7,320,268</u>	<u>9,114,655</u>	<u>40,412,607</u>	<u>44,933,601</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 24,356,961</u>	<u>\$ 7,778,617</u>	<u>\$ 9,893,335</u>	<u>\$ 42,028,913</u>	<u>\$ 40,412,607</u>

See accompanying independent auditors' report.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**STATEMENT OF ACTIVITIES – NATIONAL OFFICE ONLY**  
**YEAR ENDED AUGUST 31, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Public Support:				
Contributions, Net of Write-Offs	\$ 75,596,750	\$ 4,385,320	\$ 517,779	\$ 80,499,849
Grants	274,492	-	-	274,492
Total Public Support	<u>75,871,242</u>	<u>4,385,320</u>	<u>517,779</u>	<u>80,774,341</u>
Investment Loss, Net	(284,657)	(313,223)	-	(597,880)
Chapter Assessments	7,458,902			7,458,902
Other Income	1,485,497	-	-	1,485,497
Net Assets Released from Restrictions	3,982,583	(3,982,583)	-	-
Total Revenues, Gains, and Other Support	<u>88,513,567</u>	<u>89,514</u>	<u>517,779</u>	<u>89,120,860</u>
<b>EXPENSES</b>				
Program Services:				
Wish Granting	501,309	-	-	501,309
Program-Related Support	65,916,941	-	-	65,916,941
Training and Development	1,329,266	-	-	1,329,266
Public Information	6,207,367	-	-	6,207,367
Total Program Services	<u>73,954,883</u>	<u>-</u>	<u>-</u>	<u>73,954,883</u>
Support Services:				
Fundraising	11,265,611	-	-	11,265,611
Management and General	8,697,658	-	-	8,697,658
Total Support Services	<u>19,963,269</u>	<u>-</u>	<u>-</u>	<u>19,963,269</u>
Total Program and Support Services Expense	93,918,152	-	-	93,918,152
Change in Split-Interest Agreements	-	23,702	-	23,702
Total Expenses and Losses	<u>93,918,152</u>	<u>23,702</u>	<u>-</u>	<u>93,941,854</u>
Change in Net Assets Before Transfers	(5,404,585)	65,812	517,779	(4,820,994)
Transfer of Assets from Texas Plains Chapter	300,000	-	-	300,000
Change in Net Assets	(5,104,585)	65,812	517,779	(4,520,994)
Net Assets - Beginning of Year	<u>29,082,269</u>	<u>7,254,456</u>	<u>8,596,876</u>	<u>44,933,601</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 23,977,684</u>	<u>\$ 7,320,268</u>	<u>\$ 9,114,655</u>	<u>\$ 40,412,607</u>

See accompanying independent auditors' report.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**STATEMENTS OF CASH FLOWS – NATIONAL OFFICE ONLY**  
**YEARS ENDED AUGUST 31, 2016 AND 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,616,306	\$ (4,820,994)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Used by Operating Activities:		
Depreciation and Amortization	848,797	620,004
Bad Debt Expense and Other	-	107,741
Contributions Restricted for Long-Term Investment	(778,680)	(517,779)
Net Realized and Unrealized (Gains) Losses on Investments	(1,044,500)	1,101,119
Contributed Property and Equipment and Investments	(329,482)	(342,498)
Change in Value of Split-Interest Agreements	54,304	23,702
Change in Discount to Present Value of Contributions Receivable	(38,112)	44,364
Transfer of Assets from MAW of The Texas Plains	-	300,000
Changes in Assets and Liabilities:		
Contributions Receivable	(546,874)	(791,056)
Due from Related Entities	(192,678)	859,261
Prepaid Expenses	212,907	(479,135)
Other Assets	(204,691)	22,725
Accounts Payable and Accrued Expenses	(45,286)	260,531
Due to Related Entities	147,478	168,019
Other Liabilities	(296,980)	165,557
Net Cash Used by Operating Activities	(597,491)	(3,278,439)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(8,190,501)	(26,069,465)
Proceeds from Sales of Investments	9,389,830	27,301,275
Purchases of Property and Equipment	(955,503)	(585,695)
Net Cash Provided by Investing Activities	243,826	646,115
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Restricted for Long-Term Investment	778,680	517,779
Net Cash Provided by Financing Activities	778,680	517,779
Net Increase (Decrease) in Cash and Cash Equivalents	425,015	(2,114,545)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	3,400,992	5,515,537
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 3,826,007	\$ 3,400,992
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Donated Stock	\$ 250,482	\$ 181,048
Contributed Property and Equipment	79,000	161,450

See accompanying independent auditors' report.

**MAKE-A-WISH FOUNDATION® OF AMERICA  
STATEMENT OF FUNCTIONAL EXPENSES – NATIONAL OFFICE ONLY  
YEAR ENDED AUGUST 31, 2016**

	Program Services				Total Program Services	Support Services		Total Support Services	Total
	Wish Granting	Program-Related Support	Training and Development	Public Information		Fundraising	Management and General		
Distributions to Related Entities	\$ -	\$ 61,764,500	\$ -	\$ -	\$ 61,764,500	\$ -	\$ -	\$ -	\$ 61,764,500
Salaries, Taxes, and Benefits	561,903	5,715,798	642,659	538,941	7,459,301	3,336,533	6,013,896	9,350,429	16,809,730
Printing, Subscriptions, and Publications	1,244	23,064	14,124	1,379,125	1,417,557	1,903,080	464,330	2,367,410	3,784,967
Professional Fees	14,958	2,355,380	167,642	609,869	3,147,849	2,447,094	2,120,506	4,567,600	7,715,449
Rent and Utilities	24,656	202,532	26,242	18,882	272,312	115,680	190,386	306,066	578,378
Postage and Delivery	2,807	41,032	3,269	858,573	905,681	1,159,691	290,232	1,449,923	2,355,604
Travel	54,910	439,871	261,162	79,551	835,494	249,638	372,459	622,097	1,457,591
Meetings and Conferences	23,153	48,234	1,121,350	4,879	1,197,616	75,321	293,153	368,474	1,566,090
Office Supplies	8,405	77,430	17,311	11,649	114,795	47,155	166,615	213,770	328,565
Communications	4,666	37,722	6,234	5,809	54,431	27,801	50,682	78,483	132,914
Advertising and Media (Cash)	-	-	971	139,830	140,801	138,031	47,577	185,608	326,409
Advertising and Media (In-Kind)	-	-	-	4,397,760	4,397,760	9,402,251	-	9,402,251	13,800,011
Repairs and Maintenance	342	4,709	342	342	5,735	16,280	41,085	57,365	63,100
Insurance	22,706	610,434	3,468	3,262	639,870	18,398	93,867	112,265	752,135
Membership Dues	260	139,070	550	75	139,955	39,585	15,878	55,463	195,418
Grants and Scholarships	-	1,377,453	-	-	1,377,453	-	-	-	1,377,453
Miscellaneous	657	6,396	1,269	500	8,822	457,914	128,698	586,612	595,434
Depreciation and Amortization	25,591	260,511	21,912	34,725	342,739	216,839	289,219	506,058	848,797
	<u>\$ 746,258</u>	<u>\$ 73,104,136</u>	<u>\$ 2,288,505</u>	<u>\$ 8,083,772</u>	<u>\$ 84,222,671</u>	<u>\$ 19,651,291</u>	<u>\$ 10,578,583</u>	<u>\$ 30,229,874</u>	<u>\$ 114,452,545</u>

See accompanying independent auditors' report.

**MAKE-A-WISH FOUNDATION® OF AMERICA  
STATEMENT OF FUNCTIONAL EXPENSES – NATIONAL OFFICE ONLY  
YEAR ENDED AUGUST 31, 2015**

	Program Services				Total Program Services	Support Services			Total
	Wish Granting	Program-Related Support	Training and Development	Public Information		Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ -	\$ 42,158	\$ -	\$ -	\$ 42,158	\$ -	\$ -	\$ -	\$ 42,158
Distributions to Related Entities	-	53,876,777	-	-	53,876,777	-	-	-	53,876,777
Salaries, Taxes, and Benefits	382,623	5,040,958	297,564	491,207	6,212,352	3,183,293	5,562,814	8,746,107	14,958,459
Printing, Subscriptions, and Publications	571	19,959	20,090	1,437,011	1,477,631	1,895,312	489,908	2,385,220	3,862,851
Professional Fees	9,922	2,664,401	110,619	599,371	3,384,313	2,603,188	1,051,024	3,654,212	7,038,525
Rent and Utilities	17,647	209,591	11,996	17,647	256,881	141,274	196,441	337,715	594,596
Postage and Delivery	2,631	35,951	2,865	839,379	880,826	1,137,116	281,586	1,418,702	2,299,528
Travel	47,328	398,291	88,780	59,920	594,319	219,133	310,091	529,224	1,123,543
Meetings and Conferences	3,073	36,763	763,688	3,807	807,331	105,039	179,666	284,705	1,092,036
Office Supplies	6,304	79,362	8,112	5,657	99,435	48,884	144,870	193,754	293,189
Communications	4,894	45,660	3,707	5,463	59,724	32,174	47,618	79,792	139,516
Advertising and Media (Cash)	3,997	-	-	47,910	51,907	419,979	21,932	441,911	493,818
Advertising and Media (In-Kind)	-	-	-	2,660,706	2,660,706	747,137	-	747,137	3,407,843
Repairs and Maintenance	452	7,485	302	452	8,691	23,185	9,547	32,732	41,423
Insurance	2,882	527,618	1,921	2,882	535,303	31,580	73,115	104,695	639,998
Bad Debt Expense	-	-	-	-	-	107,741	-	107,741	107,741
Membership Dues	-	207,863	360	-	208,223	58,211	17,030	75,241	283,464
Grants and Scholarships	-	2,548,537	-	-	2,548,537	-	-	-	2,548,537
Miscellaneous	383	4,930	968	5,780	12,061	346,311	95,774	442,085	454,146
Depreciation and Amortization	18,602	170,637	18,294	30,175	237,708	166,054	216,242	382,296	620,004
	<u>\$ 501,309</u>	<u>\$ 65,916,941</u>	<u>\$ 1,329,266</u>	<u>\$ 6,207,367</u>	<u>\$ 73,954,883</u>	<u>\$ 11,265,611</u>	<u>\$ 8,697,658</u>	<u>\$ 19,963,269</u>	<u>\$ 93,918,152</u>

See accompanying independent auditors' report.