

**MAKE-A-WISH FOUNDATION® OF AMERICA  
AND RELATED ENTITIES**

**COMBINED FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2016 AND 2015**

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

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

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

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

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen, LLP**

Phoenix, Arizona  
February 24, 2017

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

	2016	2015
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 59,983,213	\$ 58,197,646
Investments	147,587,501	143,871,922
Prepaid Expenses	3,085,432	3,140,341
Contributions Receivable, Net	38,769,237	32,391,931
Notes Receivable	1,038,064	1,669,752
Other Assets	2,483,936	2,443,400
Split-Interest Agreements	1,999,336	1,777,597
Restricted Cash	503,139	283,168
Property and Equipment, Net	31,045,667	30,821,932
Beneficial Interest in Assets Held by Others	1,009,275	904,731
Investments Held for Long-Term Purposes	47,942,546	45,610,439
Total Assets	\$ 335,447,346	\$ 321,112,859
<b>LIABILITIES AND NET ASSETS</b>		
Lines of Credit	\$ 482,079	\$ 495,788
Accounts Payable and Accrued Expenses	17,813,674	16,975,062
Accrued Pending Wish Costs - Cash	62,351,021	53,445,821
Accrued Pending Wish Costs - In-kinds	45,017,016	38,411,455
Other Liabilities	3,573,507	3,428,046
Capital Lease Obligations	330,034	262,856
Notes Payable	655,184	676,394
Total Liabilities	130,222,515	113,695,422
Net Assets		
Unrestricted (Includes Board Designated of \$256,323 and \$-0-, Respectively)	123,008,230	134,686,806
Temporarily Restricted	44,715,285	39,840,304
Permanently Restricted	37,501,316	32,890,327
Total Net Assets	205,224,831	207,417,437
Total Liabilities and Net Assets	\$ 335,447,346	\$ 321,112,859

*See accompanying Notes to Combined Financial Statements.*

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>					
Public Support:					
Contributions, Net of Write-Offs	\$ 231,618,432	\$ 26,918,963	\$ 4,303,344	\$ 262,840,739	\$ 244,516,473
Grants	13,482,362	871,084	190,083	14,543,529	13,199,213
Total Public Support	<u>245,100,794</u>	<u>27,790,047</u>	<u>4,493,427</u>	<u>277,384,268</u>	<u>257,715,686</u>
Internal Special Events	67,605,275	1,907,608	-	69,512,883	63,820,441
Less Costs of Direct Benefits to Donors	(17,813,446)	-	-	(17,813,446)	(16,639,994)
Total Special Events	<u>49,791,829</u>	<u>1,907,608</u>	<u>-</u>	<u>51,699,437</u>	<u>47,180,447</u>
Investment Income (Losses), Net	8,835,988	1,938,360	52,634	10,826,982	(4,591,481)
Other Income	2,666,566	60,261	-	2,726,827	2,125,834
Change in Value of Split-Interest Agreements	7,628	(34,405)	64,928	38,151	(251,615)
Net Assets Released from Restrictions	<u>26,786,890</u>	<u>(26,786,890)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>333,189,695</u>	<u>4,874,981</u>	<u>4,610,989</u>	<u>342,675,665</u>	<u>302,178,871</u>
<b>EXPENSES</b>					
Program Services:					
Wish Granting	225,844,977	-	-	225,844,977	212,150,517
Chapter Support	9,962,183	-	-	9,962,183	9,491,627
Program-Related Support	4,870,756	-	-	4,870,756	6,636,994
Training and Development	3,614,851	-	-	3,614,851	2,525,728
Public Information	9,650,645	-	-	9,650,645	8,574,273
Total Program Services	<u>253,943,412</u>	<u>-</u>	<u>-</u>	<u>253,943,412</u>	<u>239,379,139</u>
Support Services:					
Fundraising	60,134,889	-	-	60,134,889	48,280,725
Management and General	31,170,031	-	-	31,170,031	28,256,379
Total Support Services	<u>91,304,920</u>	<u>-</u>	<u>-</u>	<u>91,304,920</u>	<u>76,537,104</u>
Total Program and Support Services Expense	<u>345,248,332</u>	<u>-</u>	<u>-</u>	<u>345,248,332</u>	<u>315,916,243</u>
Other (Gains) Losses	(380,061)	-	-	(380,061)	(60,942)
Total Expenses and Losses	<u>344,868,271</u>	<u>-</u>	<u>-</u>	<u>344,868,271</u>	<u>315,855,301</u>
Change in Net Assets	(11,678,576)	4,874,981	4,610,989	(2,192,606)	(13,676,430)
Net Assets, Beginning of Year	<u>134,686,806</u>	<u>39,840,304</u>	<u>32,890,327</u>	<u>207,417,437</u>	<u>221,093,867</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 123,008,230</u>	<u>\$ 44,715,285</u>	<u>\$ 37,501,316</u>	<u>\$ 205,224,831</u>	<u>\$ 207,417,437</u>

See accompanying Notes to Combined Financial Statements.

**MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES  
COMBINED STATEMENT OF ACTIVITIES (CONTINUED)  
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	\$ 221,661,369	\$ 20,933,805	\$ 1,921,299	\$ 244,516,473
Grants	11,578,214	1,550,519	70,480	13,199,213
Total Public Support	233,239,583	22,484,324	1,991,779	257,715,686
Internal Special Events	61,476,788	2,343,653	-	63,820,441
Less Costs of Direct Benefits to Donors	(16,639,994)	-	-	(16,639,994)
Total Special Events	44,836,794	2,343,653	-	47,180,447
Investment Losses, Net	(3,267,048)	(1,284,621)	(39,812)	(4,591,481)
Other Income (Losses)	1,360,220	(2,386)	768,000	2,125,834
Change in Value of Split-Interest Agreements	(24,520)	(55,523)	(171,572)	(251,615)
Net Assets Released from Restrictions	24,321,964	(24,297,964)	(24,000)	-
Total Revenues, Gains, and Other Support	300,466,993	(812,517)	2,524,395	302,178,871
<b>EXPENSES</b>				
Program Services:				
Wish Granting	212,150,517	-	-	212,150,517
Chapter Support	9,491,627	-	-	9,491,627
Program-Related Support	6,636,994	-	-	6,636,994
Training and Development	2,525,728	-	-	2,525,728
Public Information	8,574,273	-	-	8,574,273
Total Program Services	239,379,139	-	-	239,379,139
Support Services:				
Fundraising	48,280,725	-	-	48,280,725
Management and General	28,256,379	-	-	28,256,379
Total Support Services	76,537,104	-	-	76,537,104
Total Program and Support Services Expense	315,916,243	-	-	315,916,243
Other (Gains) Losses	(95,430)	30,238	4,250	(60,942)
Total Expenses and Losses	315,820,813	30,238	4,250	315,855,301
Change in Net Assets	(15,353,820)	(842,755)	2,520,145	(13,676,430)
Net Assets, Beginning of Year	150,040,626	40,683,059	30,370,182	221,093,867
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 134,686,806</b>	<b>\$ 39,840,304</b>	<b>\$ 32,890,327</b>	<b>\$ 207,417,437</b>

See accompanying Notes to Combined Financial Statements.

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

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (2,192,606)	\$ (13,676,430)
Adjustments to reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities:		
Depreciation and Amortization	3,159,054	2,754,227
Bad Debt Expense and Other	419,958	449,683
Contributions Restricted for Long-Term Investment	(3,191,052)	(2,827,990)
Net Realized and Unrealized (Gains) Losses on Investments	(6,326,365)	9,084,350
Gains on Sale of Property and Equipment	(380,061)	(710,266)
Contributed Property and Equipment, Inventory and Investments	(1,978,486)	(1,503,079)
Change in Value of Split-Interest Agreements	(38,151)	251,615
Change in Discount to Present Value of Contributions Receivable	882,264	85,084
Changes in Assets and Liabilities:		
Contributions Receivable	(7,679,528)	(1,239,663)
Notes Receivable	-	(2,011,490)
Prepaid Expenses	54,909	(603,414)
Other Assets	731,345	(580,621)
Accounts Payable and Accrued Expenses	838,612	2,850,788
Accrued Pending Wish Costs	15,510,761	21,472,919
Other Liabilities	145,461	287,860
Net Cash Provided by (Used In) Operating Activities	(43,885)	14,083,573
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(53,954,118)	(76,327,061)
Proceeds from Sales of Investments	54,496,646	67,727,004
Purchases of Property and Equipment	(2,687,646)	(5,050,242)
Purchase of Beneficial Interest in Assets Held by Others	(83,808)	-
Distributions Received from Beneficial Interest in Assets Held by Others	10,566	6,198
Proceeds from Sale of Property and Equipment	600,949	1,407,184
Change in Restricted Cash	(219,971)	212,874
Collections on Notes Receivable	631,688	341,738
Contributions Restricted for Investment in Property and Equipment	315,970	-
Net Cash Used in Investing Activities	(889,724)	(11,682,305)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Restricted for Long-Term Investment	2,875,082	2,827,990
Principal Payments on Capital Lease Obligations	(120,987)	(65,069)
Principal Payments on Mortgage and Notes Payable	(21,210)	(3,322,764)
Net Proceeds (Payments on) from Line of Credit	(13,709)	345,788
Net Cash Provided by (Used in) Financing Activities	2,719,176	(214,055)
Net Increase in Cash and Cash Equivalents	1,785,567	2,187,213
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	58,197,646	56,010,433
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 59,983,213	\$ 58,197,646
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 55,290	\$ 145,157
Donated Contributed Property and Equipment, Inventory and Investments	1,978,486	1,503,079
Acquisition of Equipment Through a Capital Lease	188,165	73,363
Acquisition of Property and Equipment Through a Note Payable	-	34,537
Note Receivable Received as Proceeds on Sale of Property and Equipment	-	49,212
Note Receivable Received as Part of a Contribution	-	1,962,278

See accompanying Notes to Combined Financial Statements.



**MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2016**

	Program Services					Support Services				
	Wish Granting	Chapter Support	Program-Related Support	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	\$ 177,912,357	\$ -	\$ 17,900	\$ -	\$ -	\$ 177,930,257	\$ -	\$ -	\$ -	\$ 177,930,257
Salaries, Taxes, and Benefits	34,079,384	5,715,798	3,518,118	1,595,044	1,672,378	46,580,722	27,778,091	21,063,311	48,841,402	95,422,124
Printing, Subscriptions, and Publications	712,640	23,064	40,301	29,586	1,456,512	2,262,103	4,082,661	596,119	4,678,780	6,940,883
Professional Fees	1,557,120	2,355,380	201,936	237,993	655,492	5,007,921	5,121,614	3,679,662	8,801,276	13,809,197
Rent and Utilities	3,432,040	202,532	442,322	129,276	123,886	4,330,056	2,260,365	1,410,846	3,671,211	8,001,267
Postage and Delivery	414,233	41,032	43,788	8,048	868,898	1,375,999	1,720,202	389,291	2,109,493	3,485,492
Travel	737,278	439,871	43,646	292,511	130,443	1,643,749	1,272,168	673,647	1,945,815	3,589,564
Meetings and Conferences	1,083,122	48,234	67,984	1,191,441	38,417	2,429,198	1,785,625	600,279	2,385,904	4,815,102
Office Supplies	1,067,303	77,430	56,884	27,888	28,573	1,258,078	588,841	379,049	967,890	2,225,968
Communications	632,680	37,722	56,852	19,971	23,806	771,031	457,015	280,196	737,211	1,508,242
Advertising and Media (Cash)	149,255	-	10,501	971	143,989	304,716	331,607	52,599	384,206	688,922
Advertising and Media (In-Kind)	1,282,555	-	-	-	4,420,638	5,703,193	11,043,797	9,520	11,053,317	16,756,510
Repairs and Maintenance	447,860	4,709	134,675	10,040	10,163	607,447	356,552	243,011	599,563	1,207,010
Insurance	53,496	610,434	25,373	5,254	4,948	699,505	54,761	119,130	173,891	873,396
Bad Debt Expense	-	-	135,780	-	-	135,780	162,280	79,937	242,217	377,997
Membership Dues	57,838	139,070	4,647	2,041	3,343	206,939	103,489	41,334	144,823	351,762
Volunteer Training	48,310	-	18,056	1,072	-	67,438	10,966	8,497	19,463	86,901
Miscellaneous	973,525	6,396	(9,307)	22,648	18,385	1,011,647	2,172,377	834,660	3,007,037	4,018,684
Depreciation and Amortization	1,203,981	260,511	61,300	41,067	50,774	1,617,633	832,478	708,943	1,541,421	3,159,054
	<u>\$ 225,844,977</u>	<u>\$ 9,962,183</u>	<u>\$ 4,870,756</u>	<u>\$ 3,614,851</u>	<u>\$ 9,650,645</u>	<u>\$ 253,943,412</u>	<u>\$ 60,134,889</u>	<u>\$ 31,170,031</u>	<u>\$ 91,304,920</u>	<u>\$ 345,248,332</u>

See accompanying Notes to Combined Financial Statements.

**MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2015**

	Program Services					Support Services				
	Wish Granting	Chapter Support	Program-Related Support	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	\$ 172,145,897	\$ 42,158	\$ 60,133	\$ -	\$ -	\$ 172,248,188	\$ -	\$ -	\$ -	\$ 172,248,188
Salaries, Taxes, and Benefits	28,410,559	5,040,958	4,567,899	1,198,075	1,939,880	41,157,371	26,066,267	20,067,814	46,134,081	87,291,452
Printing, Subscriptions, and Publications	638,682	19,959	111,097	27,941	1,620,919	2,418,598	3,924,272	635,613	4,559,885	6,978,483
Professional Fees	1,311,696	2,664,401	235,269	142,350	720,133	5,073,849	4,452,590	2,076,130	6,528,720	11,602,569
Rent and Utilities	2,769,107	209,591	671,387	110,240	166,610	3,926,935	2,123,765	1,353,305	3,477,070	7,404,005
Postage and Delivery	375,036	35,951	63,796	6,634	868,059	1,349,476	1,712,832	388,889	2,101,721	3,451,197
Travel	588,798	398,291	140,050	110,370	112,123	1,349,632	1,150,793	570,429	1,721,222	3,070,854
Meetings and Conferences	940,956	36,763	143,141	814,482	30,351	1,965,693	1,688,416	472,797	2,161,213	4,126,906
Office Supplies	894,567	79,362	111,071	15,999	27,097	1,128,096	575,463	366,156	941,619	2,069,715
Communications	570,368	45,660	76,886	15,191	34,525	742,630	445,643	266,795	712,438	1,455,068
Advertising and Media (Cash)	104,305	-	13,344	1,194	102,246	221,089	784,172	25,005	809,177	1,030,266
Advertising and Media (In-Kind)	973,561	-	32,245	-	2,823,695	3,829,501	2,296,808	55,572	2,352,380	6,181,881
Repairs and Maintenance	425,097	7,485	135,933	9,344	20,717	598,576	356,307	247,514	603,821	1,202,397
Insurance	48,925	527,618	24,763	3,887	4,894	610,087	75,035	98,594	173,629	783,716
Bad Debt Expense	278	-	-	-	-	278	227,909	187,008	414,917	415,195
Membership Dues	40,810	207,863	13,055	1,872	4,182	267,782	125,132	43,867	168,999	436,781
Volunteer Training	57,001	-	22,702	17,226	-	96,929	13,874	5,181	19,055	115,984
Miscellaneous	850,126	4,930	92,913	13,725	36,789	998,483	1,510,396	788,480	2,298,876	3,297,359
Depreciation and Amortization	1,004,748	170,637	121,310	37,198	62,053	1,395,946	751,051	607,230	1,358,281	2,754,227
	<u>\$ 212,150,517</u>	<u>\$ 9,491,627</u>	<u>\$ 6,636,994</u>	<u>\$ 2,525,728</u>	<u>\$ 8,574,273</u>	<u>\$ 239,379,139</u>	<u>\$ 48,280,725</u>	<u>\$ 28,256,379</u>	<u>\$ 76,537,104</u>	<u>\$ 315,916,243</u>

See accompanying Notes to Combined Financial Statements.

**MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**NOTE 1 ORGANIZATION**

These combined financial statements include Make-A-Wish Foundation® of America (National Organization) and 62 chartered chapters (Chapters), operating in 50 states, the District of Columbia, Puerto Rico, and Guam (collectively, the Foundation). The mission of the Foundation 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 2½ 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 National Organization accomplishes its purpose by chartering chapters to grant such wishes and providing financial support, guidance and other assistance to the Chapters in performing the Foundation's purpose. The Chapters are obligated to comply with the National Organization's chapter agreement and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

Make-A-Wish Foundation® International (MAWFI) and the international affiliates of MAWFI are separate corporate entities and, as such, are responsible for and maintain control of their own financial resources and, as such, are not controlled by the Foundation. Accordingly, the accounts and records of MAWFI and other international affiliates of MAWFI are not included in these combined financial statements.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The combined 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 not-for-profit entities.

**Basis of Combination**

The accompanying combined financial statements include the combined accounts and transactions of the National Organization and Chapters. The Foundation has elected to present combined financial statements, including all Chapters and the National Organization. Each Chapter is a separate corporate entity with its own governing board and charter and, as such, is responsible for and maintains custody of, its own financial resources. All significant affiliate and interentity accounts and transactions have been eliminated.

**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 \$443,779 and \$1,541,299 of certificates of deposit, respectively, with an initial term of less than three months and \$14,157,720 and \$9,525,164, respectively, of money market mutual funds.

**MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

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

**Investments**

Investments are recorded at fair value and consist of mutual funds, exchange traded funds, equity and debt securities, certificates of deposit with an original maturity of greater than three months, residential and corporate mortgage-backed securities, hedge funds, real estate and real estate investment trusts, commodities, limited partnerships, secured notes, money market funds, alternative investments, and cash balances. 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. The cost threshold for recording capital additions range from \$500 to \$5,000. 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 40 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.

**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.

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

**Fair Value Measurements (Continued)**

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.

The Foundation adopted 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.
- **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.

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

**Revenue Recognition**

Unconditional promises to give are recognized 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.

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

	Programs	Support Services		2016 Total
		Fundraising	Management and General	
Program and Support Services				
Wish Related	\$ 73,673,286	\$ -	\$ -	\$ 73,673,286
Professional Services	649,802	1,071,532	366,836	2,088,170
Rent	75,951	17,228	40,474	133,653
Advertising and Media	5,676,892	11,011,291	68,327	16,756,510
Other	987,360	718,411	144,855	1,850,626
Total Program and Support Services	81,063,291	12,818,462	620,492	94,502,245
Direct Donor Benefit, Netted with Special Event Revenue	-	-	-	5,433,996
Total	<u>\$ 81,063,291</u>	<u>\$ 12,818,462</u>	<u>\$ 620,492</u>	99,936,241
Investments (Asset)				478,739
Inventory (Asset)				771,881
Property and Equipment (Capitalized)				727,866
Total				<u>\$ 101,914,727</u>

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

**Revenue Recognition (Continued)**

	Programs	Support Services		2015 Total
		Fundraising	Management and General	
Program and Support Services				
Wish Related	\$ 65,769,235	\$ -	\$ -	\$ 65,769,235
Professional Services	678,317	178,998	174,184	1,031,499
Rent	58,360	8,237	55,056	121,653
Advertising and Media	3,735,861	2,406,268	39,752	6,181,881
Other	1,078,266	809,935	102,711	1,990,912
Total Program and Support Services	71,320,039	3,403,438	371,703	75,095,180
Direct Donor Benefit, Netted with Special Event Revenue	-	-	-	4,457,692
Total	<u>\$ 71,320,039</u>	<u>\$ 3,403,438</u>	<u>\$ 371,703</u>	<u>79,552,872</u>
Investments (Asset)				571,530
Inventory (Asset)				365,840
Property and Equipment (Capitalized)				565,709
Total				<u>\$ 81,055,951</u>

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

**Income Taxes**

The National Organization and each chapter is a not-for-profit organization exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3). The National Organization and each Chapter are exempt from state taxes in their respective state of incorporation or territory. The National Organization and each chapter file a separate Form 990 return. 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 combined financial statements taken as a whole.

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

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 state jurisdictions.

**Functional Expenses**

The Foundation performs seven functions: wish granting, chapter support, 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.

Chapter Support

Activities performed by the National Organization that promote Chapter development, monitor and 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.

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.

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 training, development and implementation of the wish programs of the Foundations, 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 communicating the purpose and services of the Foundation to all potential sources of wish referrals.



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

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	\$ 3,221,395	\$ 3,173,895
Public Information	3,241,933	2,478,872
Management and General	742,010	719,667
Wish Granting	42,886	168,252
Total	<u>\$ 7,248,224</u>	<u>\$ 6,540,686</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.

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the various leases using the straight-line method. Unamortized deferred rent was \$1,779,181 and \$1,465,043 at August 31, 2016 and 2015, respectively, and is included in other liabilities on 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 and contributions receivable, accrued pending wish costs, net of attrition on pending wish costs, functional expense allocations, 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.

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

**Reclassifications**

Certain amounts in the 2015 financial statements have been reclassified to conform to the 2016 presentation. These reclassifications have had no impact on net assets and change in net assets as previously reported.

**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.

**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.

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

**Investments (Continued)**

**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. 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, 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
Assets:							
Investments:							
Mutual Funds:							
Domestic Equity	\$ 47,854,744	\$ -	\$ -	\$ 47,854,744			
International Equity	19,454,613	-	-	19,454,613			
Multiple Strategies	1,205,385	-	-	1,205,385			
Global	367,969	-	-	367,969			
Money Market Funds	139,805	-	-	139,805			
Real Estate	1,758,288	-	-	1,758,288			
Asset Allocation	1,411,614	-	-	1,411,614			
Commodities	1,781,972	-	-	1,781,972			
Bonds	32,391,629	-	-	32,391,629			
U.S. Government Securities	317,029	-	-	317,029			
Fixed Income	759,762	-	-	759,762			
Exchange-Traded Funds:							
Domestic Equity	12,009,026	-	-	12,009,026			
International Equity	3,480,449	-	-	3,480,449			
Global	680,222	-	-	680,222			
Real Estate	676,409	-	-	676,409			
Asset Allocation	5,419	-	-	5,419			
Commodities	109,291	-	-	109,291			
Bonds	2,569,505	175,909	-	2,745,414			

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

**Fair Value Hierarchy (Continued)**

	Fair Value Measurements at August 31, 2016 Using			Total	For Investments Recorded at Net Asset Value		
	(Level 1)	(Level 2)	(Level 3)		Redemption or Liquidation	Days' Notice	Unfunded Commitments
Equity Securities:							
U.S. Corporate Equity Securities	20,790,146	6,147,419	-	26,937,565			
Foreign Equity Securities	1,859,948	-	-	1,859,948			
Certificates of Deposit	-	-	-	5,914,436			
Debt Securities:							
U.S. Treasury	4,359,454	2,462,963	-	6,822,417			
U.S. Agency	-	2,141,621	-	2,141,621			
Asset Backed	-	326,657	-	326,657			
Government	151,827	1,372,366	-	1,524,193			
State Treasury	-	337,448	-	337,448			
Foreign Governments	-	48,551	-	48,551			
Corporate	3,772,354	7,076,586	-	10,848,940			
Hedge Funds	892,918	-	-	892,918			
Collateralized Debt Obligations	19,258	-	-	19,258			
Real Estate Investment Trust	149,136	-	59,725	208,861			
Alternative Investments:							
Common Collective Trust in Futures	-	429,944	-	429,944			
Common Collective Trust In Commodities	-	30,871	-	30,871			
Common Collective Trust In Equity Mutual Funds	-	2,248,746	-	2,248,746			
Common Collective Trust Invested in Equity Securities	-	1,654,149	-	1,654,149			
Common Collective Trust Invested in Long/Short Equity Funds	-	288,957	-	288,957			
Common Collective Trust Invested in Real Estate	-	-	21,750	21,750			
Hedge Funds	-	74,711	1,835,299	1,910,010	Quarterly/Semi-Annual	45/60 Days	None
Real Estate	13,444	-	-	13,444			
Private Equity Fund	-	-	155,910	155,910	Quarterly	45 Days	None
Money Market Funds	174,277	-	-	174,277			
Cash and Cash Equivalents	-	-	-	3,570,136			
Total Investments and Investments Held for Long-Term Purposes	<u>159,155,893</u>	<u>24,816,898</u>	<u>2,072,684</u>	<u>195,530,047</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			
Fixed Income	14,875	-	-	14,875			
Alternative Investments:							
Common Collective Trust In Equity Mutual Funds	-	72,692	-	72,692			
Investments Held for Split Interest Agreements	656,860	72,692	-	729,552			

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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
Beneficial Interest in Trusts	-	-	1,173,965	1,173,965			
Irrevocable Charitable Remainder Trusts	-	-	95,819	95,819			
Total Investments Held for Split Interest Agreements	656,860	72,692	1,269,784	1,999,336			
Beneficial Interest In Assets Held by Others	-	-	1,009,275	1,009,275			
Total	<u>\$ 159,812,753</u>	<u>\$ 24,889,590</u>	<u>\$ 4,351,743</u>	<u>\$ 198,538,658</u>			

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
<b>Assets:</b>							
<b>Investments:</b>							
<b>Mutual Funds:</b>							
Domestic Equity	\$ 43,227,018	\$ -	\$ -	\$ 43,227,018			
International Equity	16,730,586	-	-	16,730,586			
Multiple Strategies	477,777	-	-	477,777			
Global	173,349	-	-	173,349			
Money Market Funds	2,720,663	-	-	2,720,663			
Real Estate	1,823,254	-	-	1,823,254			
Asset Allocation	1,361,869	-	-	1,361,869			
Commodities	1,909,160	1,088,515	-	2,997,675			
Bonds	24,926,235	-	-	24,926,235			
U.S. Government Securities	1,185,941	-	-	1,185,941			
Fixed Income	720,889	-	-	720,889			
<b>Exchange-Traded Funds:</b>							
Domestic Equity	11,850,524	-	-	11,850,524			
International Equity	2,642,899	-	-	2,642,899			
Real Estate	717,477	-	-	717,477			
Commodities	79,113	-	-	79,113			
Bonds	4,059,421	164,175	-	4,223,596			
<b>Equity Securities:</b>							
<b>U.S. Corporate Equity</b>							
Securities	24,189,156	3,880	-	24,193,036			
Foreign Equity Securities	2,303,179	-	-	2,303,179			
Certificates of Deposit	-	-	-	9,187,708			
<b>Debt Securities:</b>							
U.S. Treasury	4,652,156	2,164,761	-	6,816,917			
U.S. Agency	-	2,422,350	-	2,422,350			
Asset Backed	-	418,863	-	418,863			
Government	618	1,809,403	-	1,810,021			
State Treasury	-	357,420	-	357,420			
Foreign Governments	-	84,254	-	84,254			
Corporate	3,155,352	11,333,691	-	14,489,043			
Hedge Funds	886,406	-	-	886,406			
Real Estate Investment Trust	101,409	-	59,725	161,134			

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

**Fair Value Hierarchy (Continued)**

	Fair Value Measurements at August 31, 2015 Using			Total	For Investments Recorded at Net Asset Value		
	(Level 1)	(Level 2)	(Level 3)		Redemption or Liquidation	Days' Notice	Unfunded Commitments
Alternative Investments:							
Common Collective Trust in Futures	-	258,936	-	258,936			
Common Collective Trust In Commodities	-	33,460	-	33,460			
Common Collective Trust In Equity Mutual Funds	24,812	1,896,760	-	1,921,572			
Common Collective Trust Invested in Equity Securities	-	1,207,330	-	1,207,330			
Common Collective Trust Invested in Long/Short Equity Funds	-	296,115	-	296,115			
Common Collective Trust Invested in Real Estate	7,095	-	-	7,095			
Limited Partnership	-	-	1,411,950	1,411,950			
Secured Note	-	-	-	-			
Hedge Funds	-	-	2,257,376	2,257,376	Quarterly/Semi- Annual	45/60 Days	None
Private Equity Fund	-	-	130,305	130,305	Quarterly	45 Days	None
Money Market Funds	1,117,152	-	-	1,117,152			
Cash and Cash Equivalents	-	-	-	1,851,874			
Total Investments and Investments Held for Long-Term Purposes	<u>151,043,510</u>	<u>23,539,913</u>	<u>3,859,356</u>	<u>189,482,361</u>			
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			
Investments Held for Split Interest Agreements	482,134	40,859	-	539,657			
Beneficial Interest in Trusts Irrevocable Charitable Remainder Trusts	-	-	1,186,058	1,186,058			
	-	-	51,882	51,882			
Total Investments Held for Split Interest Agreements	482,134	40,859	1,237,940	1,777,597			
Beneficial Interest In Assets Held by Others	-	-	904,731	904,731			
Total	<u>\$ 151,525,644</u>	<u>\$ 23,580,772</u>	<u>\$ 6,002,027</u>	<u>\$ 192,164,689</u>			

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

For the valuation of investments categorized as Level 1 at August 31, 2016 and 2015, the Foundation used unadjusted market prices for identical assets.

For the valuation of investments categorized as Level 2 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.

For the valuation of investments categorized as Level 3 at August 31, 2016 and 2015, the Foundation used significant unobservable inputs as follows:

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
Investments, Split-Interest Agreements, Beneficial Interest in Trusts, Irrevocable Charitable Remainder Trusts and Beneficial Interest in Assets Held by Others	\$ 4,351,743	\$ 6,002,027	Net Asset Value (NAV)	Percentage of Ownership Applied to Fair Market Value as Stated in Audited Financial Statements, Percentage of Annual Investment Return Applied to Outstanding Account, or Present Value of Expected Future Amount to be Received

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:

	2016	2015
Beginning Balance	\$ 3,859,356	\$ 4,381,819
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	(154,195)	91,371
Purchases	46,308	1,738,770
Sales	(1,678,785)	(2,352,604)
Ending Balance	<u>\$ 2,072,684</u>	<u>\$ 3,859,356</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>\$ (154,195)</u>	<u>\$ 34,497</u>

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

The following table presents a roll-forward of activity for split-interest agreements, 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	\$ 1,237,940	\$ 1,365,497
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	39,356	(127,557)
Purchases	-	-
Sales	(7,512)	-
Ending Balance	<u>\$ 1,269,784</u>	<u>\$ 1,237,940</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>\$ 39,356</u>	<u>\$ (127,557)</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	\$ 5,368,227	\$ 5,369,402
Realized and Unrealized Gains (Losses), Net	6,326,365	(9,084,350)
Less Investment Expenses	(867,610)	(876,533)
Investment Income (Loss), Net	<u>\$ 10,826,982</u>	<u>\$ (4,591,481)</u>

**NOTE 4 CONTRIBUTIONS RECEIVABLE**

Contributions receivable include pledges that have been discounted at rates ranging from .25% to 5.0% at August 31, 2016 and 2015. The following is a summary of the Foundation's contributions receivable at August 31:

	<u>2016</u>	<u>2015</u>
Total Amounts Due in:		
One Year	\$ 28,038,804	\$ 25,574,622
Two to Five Years	7,395,735	7,028,541
More than Five Years	5,319,828	1,030,108
Gross Contributions Receivable	<u>40,754,367</u>	<u>33,633,271</u>
Less Allowance for Doubtful Accounts	(395,427)	(533,901)
Less Discount to Present Value	(1,589,703)	(707,439)
Contributions Receivable, Net	<u>\$ 38,769,237</u>	<u>\$ 32,391,931</u>



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**NOTE 5 NOTES RECEIVABLES**

Notes receivables on the combined statements of the financial position comprise the following:

	August 31,	
	2016	2015
Interest bearing unsecured note receivable due from a single; donor original amount of \$1,962,278; monthly payments of \$53,739 (including interest at 4%) as due through August 31, 2018. There was \$91,109 and \$36,715, respectively, of accrued interest receivable as of August 31, 2016 and 2015.	\$ 1,038,064	\$ 1,628,539
Interest bearing note receivable due from purchaser of Wish House; original amount of \$49,212; monthly payments of \$4,235 (including interest at 6%) as due through July 1, 2016. The note is secured by a Deed of Trust on the property.	-	41,213
Total	\$ 1,038,064	\$ 1,669,752

**NOTE 6 SPLIT-INTEREST AGREEMENTS**

Split-interest agreements on the combined statements of the financial position comprise the following:

	August 31,	
	2016	2015
Beneficial Interest in Trusts	\$ 1,601,537	\$ 1,186,058
Charitable Remainder Trust	95,819	51,882
Charitable Gift Annuities	301,980	539,657
Total	\$ 1,999,336	\$ 1,777,597

**Beneficial Interest in Trusts**

The Foundation is the named beneficiary on various perpetual trusts, the corpus of which is not controlled by the management of the Foundation. Under these arrangements, the Foundation has the irrevocable right to receive all or a portion of the income earned on the underlying assets held in perpetuity. Accordingly, permanently restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation receives notice that the trust agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets have been recorded in the accompanying combined statements of activities as a component of the change in value of split-interest agreements or investment income.

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**NOTE 6 SPLIT-INTEREST AGREEMENTS (CONTINUED)**

**Irrevocable Charitable Remainder Trusts**

The Foundation is the named income beneficiary in irrevocable charitable remainder trusts held by third party trustees. At the date the remainder trusts were established, a beneficial interest in trust and temporarily restricted contribution revenue were recognized for the present value of the estimated future benefits to be received when the trust assets are distributed. The beneficial interest is adjusted during the term of the trust for changes in the value of assets.

**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 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 combined statements of financial position.

**NOTE 7 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

The Foundation has various beneficial interests in assets held by community foundations valued at \$1,009,275 and \$904,731 at August 31, 2016 and 2015, respectively, which consist of funds contributed by the Foundation or donors and includes earnings thereon, net of distributions received. Distributions of income earned from beneficial interests are received at various times throughout the year based on the spending policy adopted by the board of directors of each respective community foundation.

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**NOTE 7 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (CONTINUED)**

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

	2016	2015
Beginning Balance	\$ 904,731	\$ 1,000,044
Contributions	-	-
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	31,302	(89,115)
Purchases	83,808	-
Distributions	(10,566)	(6,198)
Ending Balance	<u>\$ 1,009,275</u>	<u>\$ 904,731</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>\$ 31,302</u>	<u>\$ (89,115)</u>

**NOTE 8 TRANSACTIONS WITH RELATED ENTITIES**

During 2016 and 2015, the Foundation received contributions, both cash and in-kind and pledges from board members totaling \$18,353,620 and \$15,024,641, respectively. In 2016 and 2015, amounts due from board members totaled \$12,297,640 and \$8,512,918, respectively, and are included in contributions receivable in the accompanying combined statements of financial position. Amounts paid to related parties for goods and services used in the Foundation's operations totaled \$924,835 and \$628,169 in 2016 and 2015, respectively. Amounts due to related parties as of August 31, 2016 and 2015 totaled \$4,688 and \$19,076, respectively, and are included in accounts payable in the accompanying combined statements of financial position.

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**NOTE 9 PROPERTY AND EQUIPMENT, NET**

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

	2016	2015
Land	\$ 3,770,092	\$ 3,309,974
Buildings and Building Improvements	17,320,165	24,055,271
Computer Equipment and Software	14,273,520	7,498,040
Website and Website Templates	2,348,986	2,220,878
Office Furniture	4,806,108	4,223,839
Other Equipment	2,324,895	2,104,301
Leasehold Improvements	2,829,598	2,242,361
Assets Held for Resale	-	185,293
	<u>47,673,364</u>	<u>45,839,957</u>
Less Accumulated Depreciation and Amortization	<u>(16,627,697)</u>	<u>(15,018,025)</u>
Property and Equipment, Net	<u>\$ 31,045,667</u>	<u>\$ 30,821,932</u>

Depreciation and amortization expense totaled \$3,159,054 and \$2,754,227 for the years ended August 31, 2016 and 2015, respectively.

**NOTE 10 ACCRUED PENDING WISH COSTS**

The Foundation accrues the estimated costs 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 liability. 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.

As of August 31, 2016 and 2015, the Foundation had approximately 11,393 and 9,844 reportable pending wishes, respectively.

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 includes the estimated in-kind outlay that is expected to be incurred in fulfilling each wish; even though the matching in-kind revenues are not recognized until the in-kind goods or services or an unconditional promise for those in-kind goods or services are received.

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**NOTE 10 ACCRUED PENDING WISH COSTS (CONTINUED)**

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 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.

**NOTE 11 NOTES PAYABLE**

The Foundation has unsecured lines of credit with several financial institutions totaling \$2,300,000, bearing interest of 2% to 4.5%, adjusted for the banks' Prime rate, and expiring on various dates through the next fiscal year. There were \$482,079 and \$495,788 of outstanding draws on these lines of credit as of August 31, 2016 and 2015, respectively.

The Foundation has three notes payable with financial institutions. The notes bear interest rates ranging from 4.00% to 8.00%, and mature on various dates through June 2023. The balances of these notes totaled \$655,184 and \$676,394 at August 31, 2016 and 2015, respectively.

The remaining principal payments on the notes payable subsequent to August 31, 2016 are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2017	\$ 40,826
2018	21,664
2019	22,599
2020	23,575
2021	24,594
Thereafter	521,926
Total	<u>\$ 655,184</u>

**NOTE 12 CREDIT AGREEMENT**

The National Organization has sponsored a corporate travel card account program (the Card Program) with a financial institution. In the event of default by the sponsored account holder, the National Organization has the primary and continuing obligation of payment. As of August 31, 2016 and 2015, The total credit limit under this credit agreement was \$12,500,000 and \$12,000,000, respectively, while \$4,915,300 and \$3,612,500, respectively, were outstanding on this credit agreement. These amounts are included in accounts payable and accrued expenses on the combined statements of financial position.

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**NOTE 12 CREDIT AGREEMENT (CONTINUED)**

The Foundation had a second sponsored corporate travel card account 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.

**NOTE 13 LEASES**

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through March 31, 2026. As of August 31, 2016 and 2015, the cost of leased property and equipment under capital leases was \$526,924 and \$421,114, respectively, and accumulated depreciation was \$201,663 and \$101,128, respectively. Total rent expense for all operating leases, net of sublease payments of \$64,557 and \$67,098, for the years ended August 31, 2016 and 2015 totaled \$6,474,721 and \$6,525,185, respectively.

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

<u>Year Ending August 31:</u>	<u>Operating Leases, Net</u>	<u>Capital Leases</u>
2017	\$ 6,564,427	\$ 141,883
2018	5,711,176	114,022
2019	4,154,269	71,900
2020	2,840,030	47,056
2021	2,923,951	18,401
2022 and Following	2,980,298	-
Total Minimum Lease Payments	<u>25,174,151</u>	<u>393,262</u>
Less Amounts Representing Interest	-	(63,228)
Present Value of Net Minimum Lease Payments	<u>\$ 25,174,151</u>	<u>\$ 330,034</u>

**NOTE 14 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.

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**NOTE 14 ENDOWMENTS (CONTINUED)**

The Foundation's endowments consist of approximately 207 and 196 of individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of directors to function as endowments as of August 31, 2016 and 2015, respectively. 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 combined statements of financial position.

**Interpretation of Relevant Law**

The board of directors of the National Organization and each Chapter has reviewed the applicable versions of UPMIFA titled the "Management of Charitable Funds Act" 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

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**NOTE 14 ENDOWMENTS (CONTINUED)**

Endowment net asset composition by type of fund as of August 31, 2016 and 2015 are as follows:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ (53,809)	\$ 5,048,865	\$ 33,520,904	\$ 38,515,960
Board-Designated Endowment Funds	24,632,512	-	-	24,632,512
Total Funds	<u>\$ 24,578,703</u>	<u>\$ 5,048,865</u>	<u>\$ 33,520,904</u>	<u>\$ 63,148,472</u>

  

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ (86,829)	\$ 3,901,332	\$ 31,072,941	\$ 34,887,444
Board-Designated Endowment Funds	23,271,116	-	-	23,271,116
Total Funds	<u>\$ 23,184,287</u>	<u>\$ 3,901,332</u>	<u>\$ 31,072,941</u>	<u>\$ 58,158,560</u>

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

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ 23,184,287	\$ 3,901,332	\$ 31,072,941	\$ 58,158,560
Investment Return:				
Investment Income	704,410	732,837	654	1,437,901
Net Appreciation (Loss) (Realized and Unrealized)	748,308	1,012,702	51,980	1,812,990
Total Investment Return	<u>1,452,718</u>	<u>1,745,539</u>	<u>52,634</u>	<u>3,250,891</u>
Contributions	376,792	-	2,395,329	2,772,121
Reclassification to Endowment Asset	(7,245)	113,698	-	106,453
Appropriation of Endowment Assets for Expenditure	(427,849)	(711,704)	-	(1,139,553)
Endowment Net Assets, End of Year	<u>\$ 24,578,703</u>	<u>\$ 5,048,865</u>	<u>\$ 33,520,904</u>	<u>\$ 63,148,472</u>



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**NOTE 14 ENDOWMENTS (CONTINUED)**

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ 22,037,264	\$ 5,603,882	\$ 28,500,901	\$ 56,142,047
Investment Return:				
Investment Income	498,918	655,537	695	1,155,150
Net Appreciation (Loss) (Realized and Unrealized)	(940,769)	(1,824,955)	(40,507)	(2,806,231)
Total Investment Return	(441,851)	(1,169,418)	(39,812)	(1,651,081)
Contributions	2,418,581	-	2,688,382	5,106,963
Reclassification to Endowment Asset	(273,045)	19,990	(76,530)	(329,585)
Appropriation of Endowment Assets for Expenditure	(556,662)	(553,122)	-	(1,109,784)
Endowment Net Assets, End of Year	<u>\$ 23,184,287</u>	<u>\$ 3,901,332</u>	<u>\$ 31,072,941</u>	<u>\$ 58,158,560</u>

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

	August 31,	
	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	\$ 33,520,904	\$ 31,072,941
Endowment Pledges	1,943,431	118,708
	<u>\$ 35,464,335</u>	<u>\$ 31,191,649</u>
Temporarily restricted Net Assets:		
(1) Term Endowment Funds	\$ -	\$ -
(2) The Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA:		
Without Purpose Restrictions	2,562,818	2,239,553
With Purpose Restrictions	2,486,047	1,661,779
Total Endowment Funds Classified as Temporarily Restricted Net Assets	<u>\$ 5,048,865</u>	<u>\$ 3,901,332</u>

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**NOTE 14 ENDOWMENTS (CONTINUED)**

**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 \$53,809 and \$86,829 as of August 31, 2016 and 2015, respectively. Generally, 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.

**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.

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**NOTE 14 ENDOWMENTS (CONTINUED)**

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Foundation has a policy of appropriating for distribution each year a portion of its endowment funds' average fair value over the prior three years through the calendar year-end proceeding the fiscal year in which the distribution is planned. However, if the market value of the funds, as defined in the various endowment policies, are less than the fund's threshold levels, the distribution may also be less than the targeted distribution, as defined in the various endowment policies. With respect to funds managed by the National Office under the Wishes Forever program, the Endowment Policy of the National Office 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 and targeted distributions. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowments 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 15 BOARD DESIGNATED NET ASSETS**

During the fiscal year ended August 31, 2016, the Board of Directors of the Foundation designated unrestricted net assets to establish a building reserve to offset the cost of major building expenditures. The Foundation opened a separate bank account and established the bank account with an initial contribution of \$250,000 and the Foundation will continue to fund the account by making a \$2,000 monthly contribution until the account reaches \$300,000. As of August 31, 2016, the balance designated for the building reserve was \$256,323 and is included in cash and cash equivalents on the statements of financial position.

**NOTE 16 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

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

	<u>2016</u>	<u>2015</u>
Wish Granting and Purpose Restrictions	\$ 9,622,763	\$ 12,835,805
Capital Campaigns	5,910,457	269,769
Endowment Assets	5,048,865	3,901,332
Time Restrictions	24,133,200	22,833,398
Total Temporarily Restricted Net Assets	<u>\$ 44,715,285</u>	<u>\$ 39,840,304</u>

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**NOTE 16 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)**

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

	<u>2016</u>	<u>2015</u>
The Portion of Perpetual Endowment Funds That is Required to be Retained Permanently Either by Explicit Donor Stipulation or by UPMIFA	\$ 33,520,904	\$ 31,072,941
Other Investments in Perpetuity, the Income from which is Expendable to Support Any Activities of the Foundation	1,222,981	884,678
Other Investments in Perpetuity, the Income from which is Expendable for Costs Associated with Building/Land	814,000	814,000
Endowment Pledges	1,943,431	118,708
Total	<u>\$ 37,501,316</u>	<u>\$ 32,890,327</u>

**NOTE 17 RETIREMENT PLAN**

The Foundation sponsors defined contribution retirement plans (the Plans). Employees are eligible for participation in the Plans after meeting specific criteria that generally include reaching 21 years of age and upon completion of one year of service. Under the provisions of the various Plans, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. Certain plans allow the Foundation to match employee contributions up to 15% of the employee's salary while other plans allow only the employee to make contributions. Foundation contributions to the Plans for the years ended August 31, 2016 and 2015 were \$2,283,401 and \$2,031,318, respectively.

**NOTE 18 CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash, cash equivalents, and investments. The Foundation places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the FDIC insurance coverage limit of \$250,000. From time to time throughout the year, the Foundation's cash balances may exceed the amount of the FDIC insurance coverage.

In-kind contributions totaling \$42,083,942 and \$29,950,087 were received from a single donor for the years ended August 31, 2016 and 2015, respectively, which represents 15% and 12%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

**MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**NOTE 19 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, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's combined financial position, change in net assets, or liquidity.

**NOTE 20 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from August 31, 2016 date through February 24, 2017, the date at which the combined financial statements were available to be issued.

On November 2, 2016, the National Organization 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 and international 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.