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

Combined Financial Statements

August 31, 2014

(With Independent Auditors' Report Thereon)

MAKE-A-WISH FOUNDATION® OF AMERICA
AND RELATE ENTITIES

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CliftonLarsonAllen LLP
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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 statement of financial position as of August 31, 2014, and the related combined statements of activities, cash flows and functional expenses for the year 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 control 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 control 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 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 combined financial statements.

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

Opinion

In our opinion, the 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, 2014, and change in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
February 27, 2015

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

Combined Statement of Financial Position

August 31, 2014

Assets		
Cash and cash equivalents	$	56,010,433
Investments		143,687,438
Prepaid expenses		2,536,927
Contributions receivable, net		31,687,035
Other assets		1,862,779
Split-interest agreements		1,918,856
Restricted cash		496,042
Investments held for long-term purposes		45,519,346
Property and equipment, net		28,392,967
Beneficial interest in assets held by others		1,000,044
Total assets	$	313,111,867
Liabilities and Net Assets		
Accounts payable and accrued expenses	$	14,124,274
Accrued pending wish costs		70,384,357
Other liabilities		3,290,186
Capital lease obligations		254,562
Mortgage and notes payable		3,964,621
Total liabilities		92,018,000
Net assets		
Unrestricted		150,040,626
Temporarily restricted		40,683,059
Permanently restricted		30,370,182
Total net assets		221,093,867
Total liabilities and net assets	$	313,111,867

See accompanying notes to combined financial statements.

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

Combined Statement of Activities

Year ended August 31, 2014

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, and other support:				
Public support:				
Contributions, net of write-offs	$ 197,274,954	20,571,430	1,361,899	219,208,283
Grants	11,649,498	1,766,882	226,420	13,642,800
Total public support	208,924,452	22,338,312	1,588,319	232,851,083
Special events	54,832,872	2,242,510	—	57,075,382
Less direct benefit costs to donor	(14,099,245)	—	—	(14,099,245)
Total special events	40,733,627	2,242,510	—	42,976,137
Investment income, net	17,819,179	3,815,498	105,076	21,739,753
Other income	2,088,600	24,166	—	2,112,766
Change in value of split-interest agreements	34,578	23,580	151,815	209,973
Net assets released from restrictions	22,286,633	(22,286,633)	—	—
Total revenues, gains, and other support	291,887,069	6,157,433	1,845,210	299,889,712
Expenses:				
Program services:				
Wish granting	183,962,816	—	—	183,962,816
Chapter Support	8,577,515	—	—	8,577,515
Program-related support	5,578,592	—	—	5,578,592
Training and development	2,229,197	—	—	2,229,197
Public information	10,206,313	—	—	10,206,313
Total program services	210,554,433	—	—	210,554,433
Support services:				
Fundraising	40,924,257	—	—	40,924,257
Management and general	25,855,835	—	—	25,855,835
Total support services	66,780,092	—	—	66,780,092
Total program and support services expenses	277,334,525	—	—	277,334,525
Other losses	8,900	96,401	—	105,301
Total expenses and losses	277,343,425	96,401	—	277,439,826
Change in net assets	14,543,644	6,061,032	1,845,210	22,449,886
Net assets, beginning of the year	135,496,982	34,622,027	28,524,972	198,643,981
Net assets, end of the year	$ 150,040,626	40,683,059	30,370,182	221,093,867

See accompanying notes to combined financial statements.

MAKE-A-WISH FOUNDATION® OF AMERICA
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Combined Statement of Cash Flows

Year ended August 31, 2014

Cash flows from operating activities:		
Change in net assets	$	22,449,886
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		2,477,852
Bad debt expense and other		362,067
Contributions restricted for long-term investment		(1,590,652)
Net realized and unrealized gains on investments		(17,605,844)
Gain on sale of property and equipment		(285,608)
Contributed property and equipment, inventory, and investments		(2,559,650)
Change in value of split-interest agreements		(209,973)
Change in discount to present value of contributions receivable		157,159
Changes in assets and liabilities:		
Contributions receivable		(220,634)
Restricted Cash		(425,985)
Prepaid expenses		(63,607)
Other assets		(628,117)
Accounts payable and accrued expenses		2,342,770
Accrued pending wish costs		11,017,217
Other liabilities		(106,781)
Net cash provided by operating activities		15,110,100
Cash flows from investing activities:		
Purchases of investments		(72,918,612)
Proceeds from sales of investments		71,891,531
Purchases of property and equipment		(4,333,201)
Purchase of beneficial interests in assets held by others		(6,200)
Proceeds from sale of property and equipment		1,160,156
Change in restricted cash		(70,057)
Contributions restricted for invesment in property and equipment		(26,290)
Disposition of assets held at community foundation		6,872
Net cash used in investing activities		(4,295,801)
Cash flows from financing activities:		
Contributions restricted for long-term investment		1,590,652
Principal payments on capital lease obligations		(61,733)
Proceeds from notes payable		148,083
Principal payments on notes payable		(1,399,306)
Net cash provided by financing activities		277,696
Net increase in cash and cash equivalents		11,091,995
Cash and cash equivalents, beginning of year		44,918,438
Cash and cash equivalents, end of year	$	56,010,433
Supplemental cash flow information:		
Cash paid for interest	$	230,475
Acquisition of equipment with capital lease agreement		72,242

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, 2014

	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	$ 147,447,711	218,685	54,513	—	—	147,720,909	—	—	—	147,720,909
Salaries, taxes, and benefits	26,062,615	4,157,840	3,963,198	1,047,434	1,708,249	36,939,336	22,803,451	18,164,117	40,967,568	77,906,904
Printing, subscriptions, and publications	457,813	14,752	129,246	31,568	1,437,600	2,070,979	3,661,135	587,826	4,248,961	6,319,940
Professional fees	1,302,619	2,572,554	168,293	53,589	436,728	4,533,783	3,015,464	1,826,267	4,841,731	9,375,514
Rent and utilities	2,614,668	154,153	544,518	88,355	139,571	3,541,265	1,867,707	1,293,954	3,161,661	6,702,926
Postage and delivery	382,899	26,888	55,018	8,837	894,930	1,368,572	1,787,193	420,486	2,207,679	3,576,251
Travel	578,676	350,072	62,941	64,065	58,037	1,113,791	1,010,173	562,367	1,572,540	2,686,331
Meetings and conferences	798,162	58,049	93,179	821,675	26,595	1,797,660	1,437,330	469,402	1,906,732	3,704,392
Office supplies	839,469	61,680	94,042	16,950	37,414	1,049,555	546,144	372,163	918,307	1,967,862
Communications	554,925	29,572	80,361	13,613	26,101	704,572	403,606	253,157	656,763	1,361,335
Advertising and media (cash)	42,150	—	1,635	35	263,534	307,354	255,333	11,341	266,674	574,028
Advertising and media (in-kind)	571,303	—	24,719	—	5,071,027	5,667,049	1,379,692	27,498	1,407,190	7,074,239
Repairs and maintenance	461,419	5,388	107,037	10,000	17,936	601,780	364,806	254,723	619,529	1,221,309
Insurance	38,523	523,570	16,761	5,064	5,767	589,685	55,242	92,552	147,794	737,479
Bad debt expense	339	—	—	—	—	339	173,523	91,804	265,327	265,666
Membership dues	50,453	183,015	8,321	2,607	6,823	251,219	120,268	40,672	160,940	412,159
Volunteer training	76,818	—	946	19,867	40	97,671	6,730	229	6,959	104,630
Miscellaneous	823,041	14,412	72,942	5,959	24,830	941,184	1,383,346	820,269	2,203,615	3,144,799
Depreciation and amortization	859,213	206,885	100,922	39,579	51,131	1,257,730	653,114	567,008	1,220,122	2,477,852
	$ 183,962,816	8,577,515	5,578,592	2,229,197	10,206,313	210,554,433	40,924,257	25,855,835	66,780,092	277,334,525

See accompanying notes to combined financial statements.

(1) Organization

These combined financial statements include Make-A-Wish Foundation® of America (National Organization) and 61 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 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 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. Each Chapter is 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 other 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.

(2) Summary of Significant Accounting Policies

(a) 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).

(b) 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.

(c) 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, 2014 was $134,369 of certificates of deposit with an initial term of less than three months and $9,536,362 of money market mutual funds.

(d) 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.

(e) Contributions Receivable

Contributions receivable are unconditional promises to give and are recorded at fair value in the period the promises are made by donors. 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 are written off when deemed uncollectible.

(f) 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 40 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining term 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, plant, 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.

(g) Fair Value Measurements

The Foundation has adopted accounting provisions which permit the fair value measurement of financial assets and financial liabilities and fair value measurement of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Those provisions define fair value as 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. Those provisions also established a framework for measuring fair value and expanded disclosures about fair value measurements.

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 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.

(h) 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.

(i) 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 contribution 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 included in the accompanying statement of activities as follows:

Contributions:		
Wish related	$	57,520,354
Professional services		953,709
Advertising and media		6,707,223
Investments		447,864
Property and equipment		1,483,906
Other		1,427,062
Total	$	68,540,118
Special event revenue:		
Internal special events	$	5,882,540

An internal special event is a fundraising event coordinated and staffed by Chapter 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.

Program or supporting services expenses were recorded at fair value totaling $66,608,348 in 2014, with the difference recorded as other assets representing primarily investments and property and equipment.

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. 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.

(j) 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. Management believes that no uncertain tax positions exist for the Foundation at August 31, 2014. The Foundation is no longer subject to U.S. federal income tax examinations by authorities for tax years before 2010.

(k) 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 that grant 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, handing 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 the training, 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 communicating the purpose and services of the Foundation to all potential sources of wish referrals.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal year ended August 31, 2014, the Foundation incurred joint costs for activities that include fundraising appeals (primarily direct mail campaigns and newsletters), which have been allocated as follows:

Fundraising	$	3,154,016
Public information		2,382,446
Management and general		783,278
Total	$	6,319,740

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.

(l) 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 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.

(3) Fair Value Measurements

(a) 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, 2014 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 Audit and Finance committees of the National Organization and applicable Chapters', which oversee the individual investment programs in accordance with established guidelines.

Allocation of Investment Strategies

In addition to traditional stocks and fixed income securities, the National Organization and Chapters 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.

(b) Fair Value Hierarchy

The following tables present the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at August 31, 2014:

		Fair value measurements at August 31, 2014 using			For investments recorded at net asset value		
Description	**August 31, 2014**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Redemption or liquidation**	**Days' notice**	**Unfunded commitments**
Assets:							
Recurring:							
Investments and investment held for long-term purposes:							
Mutual funds:							
Domestic equity	$ 45,519,973	45,519,973	—	—			
International equity	16,428,990	16,428,990	—	—			
Global	303,327	303,327	—				
Money market funds	807,898	807,898	—	—			
Real estate	2,803,141	2,803,141	—	—			
Asset allocation	1,146,605	1,146,605	—	—			
Commodities	2,124,415	2,124,415	—	—			
Bonds	23,769,089	23,769,089	—	—			
U.S. government securities	265,678	265,678	—	—			
Fixed income	279,753	279,753	—	—			
Exchange-traded funds:			—	—			
Domestic equity	5,199,745	5,199,745	—	—			
International equity	3,895,576	3,895,576	—	—			
Real estate	745,388	745,388	—	—			
Asset allocation	8,722	8,722	—	—			
Commodities	147,913	147,913	—	—			
Bonds	2,464,769	2,301,620	163,149	—			
Equity securities:							
U.S. corporate equity securities	31,453,115	31,453,115	—	—			
Foreign equity securities	3,269,663	3,260,717	8,946	—			
Certificates of deposit	10,519,570	—	7,624,919	—			
Debt securities:							
U.S. Treasury	5,844,247	3,941,463	1,902,784	—			
U.S. agency	3,773,921	—	3,773,921	—			
Asset backed	244,701	—	244,701	—			
Government	1,244,083	2,303	1,241,780	—			
State treasury	605,777	—	605,777	—			
Foreign governments	160,123	—	160,123	—			
Corporate	16,335,292	2,764,808	13,570,484	—			
Hedge funds	973,745	973,745	—	—			
Real estate mortgage-backed securities	218,250	—	218,250	—			
Collateralized debt obligation	10,854	10,854	—	—			
Real estate Investment trust	126,176	66,451	—	59,725			

		Fair value measurements at August 31, 2014 using			For investments recorded at net asset value		
Description	**August 31, 2014**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Redemption or liquidation**	**Days' notice**	**Unfunded commitments**
Alternative Investments:							
Common collective trust in futures	$ 350,983	—	350,983	—	Daily	None	None
Common collective trust in commodities	145,265	—	145,265	—	Daily	None	None
Common collective trust in equity mutual funds	634,472	—	634,472	—	Daily	3 days	None
Common collective trust invested in equity securities	592,796	—	592,796	—	Daily	3 days	None
Common collective trust invested in short duration fixed income funds	435,236	—	435,236	—	Daily	None	None
Limited partnership	1,371,750	—	—	1,371,750			
Secured note	75,839	—	75,839	—	Daily	None	None
Hedge funds	2,850,887	—	—	2,850,887	Semi-Annual and Quarterly	45 Days	None
Real estate	8,551	8,551	—	—			
Private equity fund	99,457	—	—	99,457			
Unit investment trust	113,942	113,942	—	—			
Money market funds	1,013,196	1,013,196	—	—			
Cash and cash equivalents	823,911	—	—	—	Daily	None	None
Total Investments and investments held for long-term purposes	189,206,784	149,356,978	31,749,425	4,381,819			
Investments held for split-interest agreements							
Mutual funds:							
Domestic equity	241,506	241,506	—	—	Daily	None	None
International equity	95,000	95,000	—	—	Daily	None	None
Real estate	8,657	8,657	—	—	Daily	None	None
Bonds	160,303	160,303	—	—	Daily	None	None
Alternative Investments:							
Common collective trust in futures	9,062	—	9,062	—	Daily	None	None
Common collective trust in commodities	6,159	—	6,159	—	Daily	None	None
Common collective trust in equity mutual funds	24,585	—	24,585		Daily	None	None
Cash and cash equivalents	8,087	—	—	—	Daily	None	None
Investments held for Split-Interest agreements	553,359	505,466	39,806	—			

Description	August 31, 2014	Fair value measurements at August 31, 2014 using: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	For investments recorded at net asset value: Redemption or liquidation	Days' notice	Unfunded commitments
Beneficial interest in trusts	1,296,040	—	—	1,296,040			
Irrevocable charitable remainder trusts	69,457	—	—	69,457			
Total Investments held for split-interest agreements	1,918,856	505,466	39,806	1,365,497			
Beneficial interests in assets held by others	1,000,044	—	—	1,000,044			
Total recurring	$ 192,125,684	149,862,444	31,789,231	6,747,360			

For the valuation of investments categorized as Level 1 at August 31, 2014, the Foundation used unadjusted market prices for identical assets.

For the valuation of investments categorized as Level 2 at August 31, 2014, 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, 2014, the Foundation used significant unobservable inputs as follows:

Quantitative information about Level 3 fair value measurement

Type of investments	Fair value at August 31, 2014	Valuation technique	Unobservable input
Investments, split-interest agreement, beneficial interest in trusts, irrevocable charitable remainder trusts and beneficial interest in assets held by others	$ 6,747,360	Net Asset Value (NAV)	% of ownership applied to FMV as stated in audited financial statements, % 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, not including split-interest agreements or beneficial interest in trusts, measured at fair value using significant unobservable inputs (Level 3) for the year ended August 31, 2014:

Beginning balance	$	2,974,638
Total gains or losses (realized/unrealized) included in changes in net assets		168,751
Purchases		1,284,551
Sales		(46,121)
Ending balance	$	4,381,819
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.	$	168,751

The following table presents a rollforward of activity for split-interest agreements, measured at fair value using significant unobservable inputs (Level 3) for the year ended August 31, 2014:

Beginning balance	$	1,235,842
Total gains or losses (realized/unrealized) included in changes in net assets		127,809
Purchases		1,846
Sales		—
Ending balance	$	1,365,497
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.	$	127,809

Total investment income, gains, and losses for the year ended August 31, 2014 consist of the following:

Interest and dividend income	$	4,881,511
Realized and unrealized gains, net		17,606,762
Less investment expenses		(748,520)
Investment income, net	$	21,739,753

(4) Contributions Receivable

Contributions receivable include pledges that have been discounted at rates ranging from .25% to 5.0% at August 31, 2014. The following is a summary of the Foundation's contributions receivable at August 31, 2014:

Total amounts due in:		
One year	$	22,882,129
Two to five years		9,264,895
More than five years		745,250
Gross contributions receivable		32,892,274
Less allowance for doubtful accounts		(582,884)
Less discount to present value		(622,355)
Contributions receivable, net	$	31,687,035

(5) Split-Interest Agreements

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

Beneficial interest in trusts	$	1,296,040
Charitable remainder trust		69,457
Charitable gift annuities		553,359
	$	1,918,856

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 statement of activities as a component of the change in value of split-interest agreements or investment income.

(a) 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.

(b) 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 year ended August 31, 2014 ranged from 1.20% to 6.20%.

Liabilities to beneficiaries under charitable gift annuities totaled $210,573 at August 31, 2014 and are included in other liabilities in the accompanying combined statement of financial position.

(6) Beneficial Interest in Assets Held by Others

The Foundation has various beneficial interests in assets held by community foundations valued at $1,000,044, 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.

The following table presents a rollforward of activity for assets held by various community foundations at fair value using significant unobservable inputs (Level 3):

Beginning balance	$	793,731
Contributions		6,200
Total gains or losses (realized/unrealized) included in changes in net assets		234,389
Distributions		(34,276)
Ending balance	$	1,000,044
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.	$	234,389

(7) Transactions with Related Entities

The Foundation received contributions, both cash and in-kind donations, and pledges from employees and board members totaling $13,159,910. Amounts due from employees and board members totaled $10,633,117 and are included in contributions receivable in the accompanying combined statement of financial position. Amounts paid to related parties totaled $1,502,619, for goods and services used in the Foundation's operations. Amounts due to related parties as of August 31, 2014 totaled $122,682, and are included in accounts payable in the accompanying combined statement of financial position.

(8) Property and Equipment, Net

Property and equipment as of August 31, 2014 consist of the following:

Land	$	5,344,147
Buildings and building improvements		20,287,611
Computer equipment and software		7,562,914
Web site and Web site templates		1,036,630
Office furniture		3,805,287
Other equipment		2,104,622
Leasehold improvements		1,953,526
		42,094,737
Less accumulated depreciation and amortization		(13,701,770)
Property and equipment, net	$	28,392,967

Depreciation and amortization expense totaled $2,477,852 for the year ended August 31, 2014.

(9) Accrued Pending Wish Costs

The Foundation accrues for estimated costs of reportable pending wishes as unconditional promises to give when five certain, measurable wish criteria are met. Prior to meeting these five criteria, the wish is considered a conditional promise to give due to the inherent uncertainties surrounding these criteria and is therefore not accrued as a pending wish liability. 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, 2014, the Foundation had 8,182 of accrued pending wishes.

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.

(10) Mortgage and Notes Payable

The Foundation has a $2,914,847 mortgage note with interest payable for five years at the fixed rate of 4.5% per annum and for the remaining term of the loan at the floating rate of 2.75% in excess of the average yield of U.S. Treasury securities adjusted to a constant maturity of five years, subject to a minimum rate of 4.5%.

The Foundation has unsecured lines of credit with several financial institutions totaling $1,700,000, bearing interest of 3.25% to 4.75%, adjusted for the banks' Prime rate, and expiring on various dates through the next fiscal year. As of August 31, 2014, there was no outstanding draws on these lines of credit.

In addition, the Foundation has entered into two notes payable with financial institutions. The notes bear interest rates ranging from 4.00% to 4.25%, and mature on various dates through June 2022.

The remaining principal payments on the mortgage note and notes payable subsequent to August 31, 2014 are as follows:

Fiscal year:		
2015	$	145,306
2016		152,654
2017		160,013
2018		167,282
2019		456,644
2020 and thereafter		2,882,722
	$	3,964,621

(11) Credit Agreement

The National Organization 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 National Organization has the primary and continuing obligation of payment. Under the terms of the Card Program, the National Organization is required to hold unencumbered liquid assets having an aggregate market value of 110% of the average monthly spend under the Card Program which are not subject to any lien, pledge, security interest or other arrangement with any creditor, to have its claim satisfied out of those assets prior to the general creditors of the National Organization. As of August 31, 2014, there were sponsored accounts with a total credit limit of $9,705,000 issued under this credit agreement and $2,660,000 outstanding on this credit agreement, which is included as accounts payable and accrued expenses on the combined statement of financial position.

(12) Leases

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through July 31, 2021. The cost of leased property and equipment under capital lease was $392,265, and accumulated depreciation was $142,110. Total rent expense for all operating leases, net of sublease payments of $74,721, for the year ended August 31, 2014 totaled $6,079,846.

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:

		Operating leases, net		Capital leases
Year ending August 31:				
2015	$	5,929,878		89,737
2016		5,169,057		79,376
2017		4,728,455		71,632
2018		3,900,666		37,838
2019		2,992,170		11,444
Thereafter		2,507,129		—
Total minimum lease payments	$	25,227,355		290,027
Less amounts representing interest				(35,465)
Present value of net minimum lease payments			$	254,562

(13) 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 fund consists of approximately 165 individual funds established for a variety if purposes including both donor-restricted endowment funds and funds designated by the boards of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the boards 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 statement of financial position.

(a) Interpretation of Relevant Law

The board of directors of the National Organization and each Chapter have 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

Endowment net asset composition by type of fund as of August 31, 2014 is as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	(16,836)	5,947,930	28,500,901	34,431,995
Board-designated endowment funds		21,772,196	2,532,222	—	24,304,418
Total funds	$	21,755,360	8,480,152	28,500,901	58,736,413

Changes in endowment net assets for the year ended August 31, 2014 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ 22,481,786	5,208,717	26,764,329	54,454,832
Investment return:				
Investment income, net	580,176	697,155	602	1,277,933
Appreciation, net (realized and unrealized)	2,318,914	3,082,586	104,474	5,505,974
Total investment return	2,899,090	3,779,741	105,076	6,783,907
Contributions	923,030	526,680	2,129,725	3,579,435
Appropriation of endowment assets for expenditure	(596,965)	(1,043,030)	—	(1,639,995)
Other changes:				
Transfer to create (remove) board-designated endowment funds	(3,951,581)	8,044	—	(3,943,537)
Write-off of uncollectible endowment pledges	—	—	(498,229)	(498,229)
Endowment net assets, end of year	$ 21,755,360	8,480,152	28,500,901	58,736,413

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

Permanently restricted net assets:		
(1) The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	$	28,500,901
Temporarily restricted net assets:		
(1) Term endowment funds	$	84,561
(2) The portion of perpetual endowment funds subject to a time restriction under UPMIFA:		
Without purpose restrictions		3,204,561
With purpose restrictions		5,191,030
Total endowment funds classified as temporarily restricted net assets	$	8,480,152

(b) 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, when deficiencies of this nature occur, they are reported in unrestricted net assets. Such deficiencies totaled $16,836 as of August 31, 2014. Generally, these deficiencies result 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.

(c) Return Objectives and Risk Parameters

The overall investment objective of the Foundation is to conserve and enhance the capital value of the funds in real terms, through asset appreciation and income generation. More specifically, the objectives in order of priority with respect to the investment management of fund assets are:

1. Preservation of Capital: To minimize the probability of loss of principal over the investment horizon by minimizing return volatility rather than maximizing total return.

2. Income Generation: Generate a level of current income (interest and dividends) consistent with the overriding investment goal while avoiding excessive risk.

3. Preservation of Purchasing Power: 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, while maintaining risk at prudent levels.

Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified purpose. The Foundation diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are generally authorized by the board of directors or the board's audit and finance committee, which oversees the Foundation's investment program in accordance with established guidelines. Actual returns in any given year may vary from targeted objectives.

(d) 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 generally places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

(e) 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 funds' average fair value over the prior three years through the calendar year-end preceding the fiscal year in which the distribution is planned. However, if the market value of the 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.

(14) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes for the year ended August 31, 2014:

Wish granting and purpose restriction	$	6,664,844
Capital campaigns		319,461
Endowment assets		8,480,152
Time restrictions		25,218,602
	$	40,683,059

For the year ended August 31, 2014, permanently restricted net assets are restricted to the following:

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	$	28,500,901
Other investments in perpetuity, the income from which is expendable to support the activities of the Foundation and for granting wishes		1,869,281
	$	30,370,182

(15) Retirement Plan

The Foundation has adopted defined contribution retirement plans (the Plans). Employees are generally eligible for participation in the Plans after meeting criteria that include completion of one year of service and reaching 21 years of age. Under the provisions of the Plans, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. Certain plans allow the Foundation to contribute up to 15.0% 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, 2014 were $1,818,921.

(16) 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 to 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 $27,359,621 were received from a single donor for the year ended August 31, 2014, which represents 11.8% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

(17) Litigation and Claims

From time to time, 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.

(18) Subsequent Events

The Foundation has evaluated subsequent events from the statement of financial position date through February 27, 2015, the date at which the financial statements were available to be issued.