

**MAKE-A-WISH FOUNDATION® OF ALABAMA**

**FINANCIAL STATEMENTS**

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

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

Board of Directors  
Make-A-Wish Foundation® of Alabama  
Birmingham, Alabama

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

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

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

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

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of Alabama as of August 31, 2016 and 2015, and change in its net assets and its 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  
March 2, 2017

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

<b>ASSETS</b>	2016	2015
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 167,971	\$ 436,006
Due from Related Entities	142,974	96,379
Prepaid Expenses	14,793	18,371
Contributions Receivable, Net	168,576	65,182
Other Assets	7,719	4,293
Property and Equipment, Net	19,430	16,887
Total Assets	\$ 521,463	\$ 637,118
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 84,012	\$ 74,842
Accrued Pending Wish Costs - Cash	815,512	724,172
Accrued Pending Wish Costs - In-kinds	602,962	556,932
Due to Related Entities	2,897	9,777
Deferred Rent	413	-
Capital Lease Obligations	2,276	4,378
Total Liabilities	1,508,072	1,370,101
Net Assets (Deficit)		
Unrestricted Deficit	(1,149,286)	(939,425)
Temporarily Restricted	162,677	206,442
Total Net Deficit	(986,609)	(732,983)
Total Liabilities and Net Deficit	\$ 521,463	\$ 637,118

See accompanying Notes to Financial Statements.

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Public Support:				
Contributions, Net of Write-Offs	\$ 1,320,445	\$ 147,640	\$ 1,468,085	\$ 1,405,425
Grants	197,011	4,785	201,796	621,807
Total Public Support	<u>1,517,456</u>	<u>152,425</u>	<u>1,669,881</u>	<u>2,027,232</u>
Internal Special Events	281,128	-	281,128	188,287
Less: Costs of Direct Benefits to Donors	<u>(100,696)</u>	<u>-</u>	<u>(100,696)</u>	<u>(45,671)</u>
Total Special Events	180,432	-	180,432	142,616
Other Income	2,758	-	2,758	2,174
Net Assets Released from Restrictions	<u>196,190</u>	<u>(196,190)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>1,896,836</u>	<u>(43,765)</u>	<u>1,853,071</u>	<u>2,172,022</u>
<b>EXPENSES</b>				
Program Services:				
Wish Granting	<u>1,701,642</u>	<u>-</u>	<u>1,701,642</u>	<u>2,082,439</u>
Support Services:				
Fundraising	340,477	-	340,477	347,345
Management and General	64,578	-	64,578	57,464
Total Support Services	<u>405,055</u>	<u>-</u>	<u>405,055</u>	<u>404,809</u>
Total Program and Support Services Expense	<u>2,106,697</u>	<u>-</u>	<u>2,106,697</u>	<u>2,487,248</u>
Change in Net Assets	(209,861)	(43,765)	(253,626)	(315,226)
Net Assets (Deficit) - Beginning of Year	<u>(939,425)</u>	<u>206,442</u>	<u>(732,983)</u>	<u>(417,757)</u>
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	<u>\$ (1,149,286)</u>	<u>\$ 162,677</u>	<u>\$ (986,609)</u>	<u>\$ (732,983)</u>

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Net of Write-Offs	\$ 1,316,743	\$ 88,682	\$ 1,405,425
Grants	504,047	117,760	621,807
Total Public Support	1,820,790	206,442	2,027,232
Internal Special Events	188,287	-	188,287
Less: Costs of Direct Benefits to Donors	(45,671)	-	(45,671)
Total Special Events	142,616	-	142,616
Other Income	2,174	-	2,174
Net Assets Released from Restrictions	222,898	(222,898)	-
Total Revenues, Gains, and Other Support	2,188,478	(16,456)	2,172,022
<b>EXPENSES</b>			
Program Services:			
Wish Granting	2,082,439	-	2,082,439
Support Services:			
Fundraising	347,345	-	347,345
Management and General	57,464	-	57,464
Total Support Services	404,809	-	404,809
Total Program and Support Services Expense	2,487,248	-	2,487,248
Change in Net Assets	(298,770)	(16,456)	(315,226)
Net Assets (Deficit) - Beginning of Year	(640,655)	222,898	(417,757)
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	<b>\$ (939,425)</b>	<b>\$ 206,442</b>	<b>\$ (732,983)</b>

See accompanying Notes to Financial Statements.

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

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (253,626)	\$ (315,226)
Adjustments to reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	7,644	14,234
Bad Debt Expense and Other	2,535	2,000
Loss on Sale of Property and Equipment	67	-
Contributed Property and Equipment	(2,593)	-
Change in Attrition on Accrued Pending Wish Costs	(18,599)	(11,876)
Changes in Assets and Liabilities:		
Contributions Receivable	(105,929)	(11,784)
Due from Related Entities	(46,595)	(60,788)
Prepaid Expenses	3,578	(5,654)
Other Assets	(3,426)	(2,993)
Accounts Payable and Accrued Expenses	9,170	7,046
Accrued Pending Wish Costs	155,969	513,347
Due to Related Entities	(6,880)	(3,978)
Other Liabilities	-	(824)
Deferred Rent	413	-
Net Cash Provided (Used) by Operating Activities	(258,272)	123,504
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(7,661)	(884)
Net Cash Used by Investing Activities	(7,661)	(884)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease Obligations	(2,102)	(1,939)
Net Cash Used by Financing Activities	(2,102)	(1,939)
Net Increase (Decrease) in Cash and Cash Equivalents	(268,035)	120,681
Cash and Cash Equivalents - Beginning of Year	436,006	315,325
<b>CASH AND CASH EQUAVALENTS - END OF YEAR</b>	\$ 167,971	\$ 436,006
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest Paid on Capital Leases	\$ 274	\$ 435
Donated Property and Equipment	\$ 2,593	\$ -

See accompanying Notes to Financial Statements.



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

	<b>Program Services</b>	<b>Support Services</b>			<b>Total</b>
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 1,295,044	\$ -	\$ -	\$ -	\$ 1,295,044
Salaries, Taxes, and Benefits	298,123	224,719	39,354	264,073	562,196
Printing, Subscriptions, and Publications	1,971	12,583	405	12,988	14,959
Professional Fees	17,080	12,960	10,462	23,422	40,502
Rent and Utilities	16,519	12,546	2,188	14,734	31,253
Postage and Delivery	1,557	2,870	96	2,966	4,523
Travel	3,695	19,065	1,529	20,594	24,289
Meetings and Conferences	7,343	12,352	1,952	14,304	21,647
Office Supplies	8,215	8,455	1,574	10,029	18,244
Communications	7,962	7,550	812	8,362	16,324
Advertising and Media (In-Kind)	-	1,878	-	1,878	1,878
Repairs and Maintenance	56	42	8	50	106
Bad Debt Expense	-	2,535	-	2,535	2,535
Membership Dues	408	308	54	362	770
National Partnership Dues	32,063	4,870	3,653	8,523	40,586
Miscellaneous	7,555	14,686	1,956	16,642	24,197
Depreciation and Amortization	4,051	3,058	535	3,593	7,644
	<u>\$ 1,701,642</u>	<u>\$ 340,477</u>	<u>\$ 64,578</u>	<u>\$ 405,055</u>	<u>\$ 2,106,697</u>

See accompanying Notes to Financial Statements.

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

	<b>Program Services</b>	<b>Support Services</b>			<b>Total</b>
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 1,722,142	\$ -	\$ -	\$ -	\$ 1,722,142
Salaries, Taxes, and Benefits	268,470	222,431	36,313	258,744	527,214
Printing, Subscriptions, and Publications	2,932	8,614	443	9,057	11,989
Professional Fees	18,674	46,819	3,803	50,622	69,296
Rent and Utilities	13,760	11,331	1,888	13,219	26,979
Postage and Delivery	1,703	1,817	340	2,157	3,860
Travel	2,010	13,490	1,707	15,197	17,207
Meetings and Conferences	3,242	6,292	1,563	7,855	11,097
Office Supplies	14,413	6,949	1,292	8,241	22,654
Communications	9,473	7,815	1,312	9,127	18,600
Advertising and Media (In-Kind)	-	4,000	-	4,000	4,000
Repairs and Maintenance	832	685	114	799	1,631
Insurance	-	-	2,357	2,357	2,357
Bad Debt Expense	-	2,000	-	2,000	2,000
Membership Dues	472	774	65	839	1,311
National Partnership Dues	15,047	2,095	1,905	4,000	19,047
Miscellaneous	2,011	6,254	3,365	9,619	11,630
Depreciation and Amortization	7,258	5,979	997	6,976	14,234
	<u>\$ 2,082,439</u>	<u>\$ 347,345</u>	<u>\$ 57,464</u>	<u>\$ 404,809</u>	<u>\$ 2,487,248</u>

See accompanying Notes to Financial Statements.

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

**NOTE 1 ORGANIZATION**

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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

**Cash and Cash Equivalents**

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

**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 unit cost greater than \$500 and 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 three to five years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances indicate a long-lived asset may be impaired, the asset value will be reduced to fair value. Fair value is determined through various valuation techniques including quoted market values and third-party independent appraisals, as considered necessary.

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

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

**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. The Foundation has no permanently restricted net assets.
- **Temporarily Restricted Net Assets** – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.
- **Unrestricted Net Assets** – Net assets that are not subject to donor-imposed restrictions or law.

**Revenue Recognition**

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discounts is recorded as additional contributions revenue. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as "Net Assets Released from Restrictions". When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

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

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

**Revenue Recognition (Continued)**

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

	Program	Support Services		2016 Total
		Fundraising	Management and General	
Program and Support Service Expenses				
Wish Related	\$ 603,249	\$ -	\$ -	\$ 603,249
Professional Services	-	-	2,737	2,737
Printing, Subscriptions and Publications	-	400	-	400
Advertising and Media	-	1,878	-	1,878
Other	3,972	7,338	504	11,814
Total Program and Supported Service Expenses	607,221	9,616	3,241	620,078
Direct Benefit Expenses, Netted with Special Event Revenue	-	-	-	28,446
Total	<u>\$ 607,221</u>	<u>\$ 9,616</u>	<u>\$ 3,241</u>	<u>648,524</u>
Property and Equipment (Capitalized)				2,593
Total				<u>\$ 651,117</u>

	Program	Support Services		2015 Total
		Fundraising	Management and General	
Program and Support Service Expenses				
Wish Related	\$ 581,324	\$ -	\$ -	\$ 581,324
Professional Services	-	-	-	-
Advertising and Media	-	4,000	-	4,000
Other	7,967	386	190	8,543
Total Program and Supported Service Expenses	589,291	4,386	190	593,867
Direct Benefit Expenses, Netted with Special Event Revenue	-	-	-	5,383
Total	<u>\$ 589,291</u>	<u>\$ 4,386</u>	<u>\$ 190</u>	<u>\$ 599,250</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.

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

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

**Revenue Recognition (Continued)**

Advertising and media is used to help the Foundation communicate its message or mission and includes fundraising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes. Donated advertising and media are reported as contribution revenue when received and fundraising expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

**Income Taxes**

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

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2016 and 2015. The Foundation files income tax returns in the U.S. federal jurisdiction, and one state jurisdiction.

**Functional Expenses**

The Foundation performs three functions: wish granting, 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.

**Fundraising**

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

**Management and General**

All costs not identifiable with wish granting or fundraising, 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.

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

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

**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 expenses, 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.

**Deferred Rent**

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. Unamortized deferred rent was \$413 and \$-0- at August 31, 2016 and 2015, respectively.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying 2015 financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**NOTE 3 CONTRIBUTIONS RECEIVABLE**

Contributions receivable at August 31, 2016 and 2015 were \$168,576 and \$65,182, respectively, which consisted of 76% and 88% from one donor, respectively. All contributions receivable are due within the next 12 months. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2016 and 2015.

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

**NOTE 4 TRANSACTIONS WITH RELATED ENTITIES**

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2016 and 2015, the Foundation received \$386,886 and \$360,701, respectively, from these national revenue streams.

As part of the National Organization’s Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation contributed \$-0- during the years August 31, 2016 and 2015. Under this program, the Foundation received \$150,000 and \$482,500 during the years ended August 31, 2016 and 2015, respectively.

Conversely, the chapter pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation of America pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$72,150 and \$71,329 were paid from the Foundation to the National Organization during the years ended August 31, 2016 and 2015, respectively.

Chapters who assist with the organization and granting of wishes from other chapters are paid a “fee for service” called the wish assist fee. Under this program, the Foundation received \$2,525 and \$1,350 for years ended August 31, 2016 and 2015, respectively, which is recorded in the accompanying statements of activities as “Other Income”.

Amounts due from and to related entities are as follows:

	2016	2015
Balance at August 31:		
Due from National Organization	\$ 137,873	\$ 89,456
Due from Other Chapters	5,101	6,923
Total Due from Related Entities	\$ 142,974	\$ 96,379
Due to National Organization	\$ 2,500	\$ 2,556
Due to Other Chapters	397	7,221
Total Due to Related Entities	\$ 2,897	\$ 9,777

Amounts due from the National Organization represent contributions remitted to the National Organization that are identified for the Foundation’s use but were not yet transferred to the Foundation as of year-end. Amounts due from other chapters represent amounts paid for assisting other chapters with their wish granting. Amounts due to other chapters represent amounts owed to other chapters who have assisted in the granting of wishes for the Foundation.



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

**NOTE 4 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)**

During 2016 and 2015, the Foundation received contributions, both cash and in-kind, from board members totaling \$29,642 and \$48,072, respectively. In 2016 and 2015, amounts due from employees and board members totaled \$10,460 and \$7,520, respectively, and are included in contributions receivable in the accompanying statements of financial position.

**NOTE 5 PROPERTY AND EQUIPMENT, NET**

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

	2016	2015
Computer Equipment and Software	\$ 27,896	\$ 27,896
Office Furniture	4,011	4,011
Other Equipment	17,094	14,501
Leasehold Improvements	7,662	6,329
	<u>56,663</u>	<u>52,737</u>
Less: Accumulated Depreciation and Amortization	(37,233)	(35,850)
Property and Equipment, Net	<u>\$ 19,430</u>	<u>\$ 16,887</u>

Depreciation and amortization expense totaled \$7,644 and \$14,234 for the years ended August 31, 2016 and 2015, respectively.

**NOTE 6 ACCRUED PENDING WISH COSTS**

The Foundation accrues the 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.

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**NOTE 6 ACCRUED PENDING WISH COSTS (CONTINUED)**

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. Although not fully guaranteed, if the related expected in-kind revenue were recognized in the same fiscal period as the expected in-kind expense, total net deficit at August 31, 2016 would be reduced to (\$511,167).

The Foundation, as part of its estimate of accrued pending wish costs, also considers attrition on pending wish costs. An attrition rate is calculated by the Foundation by analyzing the trend of wishes that have been accrued for using the five criteria discussed above that have not been able to be completed within the past twelve months due to factors outside of the control of the chapter, such as the death of a child, the move of the family out of the chapter's territory, or loss of contact with the family. As of August 31, 2016 and 2015, the Foundation had approximately 167 and 125 reportable pending wishes, respectively.

**NOTE 7 LEASES**

The Foundation is obligated under various capital and operating leases for office space and equipment, which expire at various dates through June 30, 2021. As of August 31, 2016 and 2015, the cost of leased equipment under a capital lease was \$7,676, and accumulated depreciation was \$5,629 and \$3,582, respectively. Total rent expense for all operating leases for the years ended August 31, 2016 and 2015 totaled \$31,306 and \$26,979, respectively.

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

	Operating Leases	Capital Leases
<u>Year Ending August 31:</u>		
2017	\$ 48,288	\$ 2,376
2018	49,368	-
2019	50,853	-
2020	52,380	-
2021	44,894	-
Total Minimum Lease Payments	\$ 245,783	2,376
Less: Amounts Representing Interest		(100)
Present Value of Net Minimum Lease Payments		\$ 2,276

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**NOTE 8 TEMPORARILY RESTRICTED NET ASSETS**

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

	2016	2015
Time Restrictions	\$ 19,656	\$ 7,520
Purpose Restrictions	143,021	198,922
Total Temporarily Restricted Net Assets	\$ 162,677	\$ 206,442

**NOTE 9 RETIREMENT PLAN**

The Foundation has a defined contribution retirement plan (the Plan). Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. After one year of service, the Foundation matches employee contributions based on a formula to be determined by the board of directors. Foundation contributions to the Plan for the years ended August 31, 2016 and 2015 were \$10,729 and \$11,297, respectively.

**NOTE 10 CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents. The Foundation places its cash with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the Federal Deposit Insurance Corporation (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 \$470,943 and \$300,454 were received from a single donor for the years ended August 31, 2016 and 2015, respectively, which represents 29% and 15%. Respectively, of total public support for both years. Should these contribution levels decrease, the Foundation may be adversely affected.

**NOTE 11 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through March 2, 2017, the date at which the financial statements were available to be issued.