

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED AUGUST 31, 2017 AND 2016**

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

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

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

We have audited the accompanying consolidated financial statements of Make-A-Wish Foundation® of America, which comprise the consolidated statements of financial position as of August 31, 2017 and 2016, and the related consolidated statements of activities, cash flows, and functional expenses, for the years then ended, and the related notes to the consolidated financial statements.

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

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

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

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of America as of August 31, 2017 and 2016, 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.

**Emphasis of Matter**

As discussed in Note 2 to the consolidated financial statements, Make-A-Wish Foundation® of America adopted a recently issued accounting standard related to the categorization of certain investments within the fair value hierarchy. The new standard allows entities to eliminate the need to categorize level 3 investments within the fair value hierarchy that are measured at Net Asset Value and limits the disclosure paragraph. Our opinion is not modified with respect to this matter.

**Report on Supplementary Information**

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



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
January 19, 2018

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2017 AND 2016**

	2017	2016
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 9,227,545	\$ 3,826,007
Investments	24,501,211	24,448,667
Due from Related Entities	1,267,752	709,940
Prepaid Expenses	1,423,023	897,150
Contributions Receivable, Net	6,573,425	6,371,849
Other Assets	1,030,797	616,032
Split-Interest Agreements	986,460	729,552
Investments Held for Long-Term Purposes	13,090,132	11,823,908
Property and Equipment, Net	15,817,055	2,672,744
Total Assets	\$ 73,917,400	\$ 52,095,849
<b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable and Accrued Expenses	\$ 3,784,040	\$ 3,199,453
Due to Related Entities	6,597,457	5,546,774
Other Liabilities	1,334,801	1,320,709
Note Payable	15,000,000	-
Total Liabilities	26,716,298	10,066,936
Net Assets		
Unrestricted	27,508,874	24,356,961
Temporarily Restricted	9,920,690	7,778,617
Permanently Restricted	9,771,538	9,893,335
Total Net Assets	47,201,102	42,028,913
Total Liabilities and Net Assets	\$ 73,917,400	\$ 52,095,849

*See accompanying Notes to Consolidated Financial Statements.*

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Public Support:				
Contributions, Net of Write-Offs	\$ 98,037,109	\$ 4,736,485	\$ 378,203	\$ 103,151,797
Grants	2,443,793	-	-	2,443,793
Total Public Support	100,480,902	4,736,485	378,203	105,595,590
Investment Income, Net	1,802,590	936,753	-	2,739,343
Chapter Assessments	8,002,703	-	-	8,002,703
Other Income	4,388,802	-	-	4,388,802
Net Assets Released from Restrictions	5,238,119	(4,738,119)	(500,000)	-
<b>Total Revenues, Gains, and Other Support</b>	<b>119,913,116</b>	<b>935,119</b>	<b>(121,797)</b>	<b>120,726,438</b>
<b>EXPENSES</b>				
Program Services:				
Wish Granting	558,031	-	-	558,031
Program-Related Support	77,166,523	-	-	77,166,523
Training and Development	2,193,821	-	-	2,193,821
Public Information	9,112,007	-	-	9,112,007
Total Program Services	89,030,382	-	-	89,030,382
Support Services:				
Fundraising	16,945,646	-	-	16,945,646
Management and General	10,537,875	-	-	10,537,875
Total Support Services	27,483,521	-	-	27,483,521
<b>Total Program and Support Services Expense</b>	<b>116,513,903</b>	<b>-</b>	<b>-</b>	<b>116,513,903</b>
<b>OTHER EXPENSE</b>				
Change in Value of Split-Interest Agreements	-	115,189	-	115,189
Total Expenses and Losses	116,513,903	115,189	-	116,629,092
Change in Net Assets from Operations	3,399,213	819,930	(121,797)	4,097,346
<b>NONOPERATING ACTIVITIES</b>				
Building Campaign Contributions, Net	-	1,322,143	-	1,322,143
Building Campaign Expenditures	(247,300)	-	-	(247,300)
Change in Net Assets from Nonoperating Activities	(247,300)	1,322,143	-	1,074,843
<b>CHANGE IN NET ASSETS</b>	<b>3,151,913</b>	<b>2,142,073</b>	<b>(121,797)</b>	<b>5,172,189</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>24,356,961</b>	<b>7,778,617</b>	<b>9,893,335</b>	<b>42,028,913</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 27,508,874</b>	<b>\$ 9,920,690</b>	<b>\$ 9,771,538</b>	<b>\$ 47,201,102</b>

See accompanying Notes to Consolidated Financial Statements.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Public Support:				
Contributions, Net of Write-Offs	\$ 96,383,624	\$ 5,113,325	\$ 778,680	\$ 102,275,629
Grants	1,794,214	-	-	1,794,214
Total Public Support	98,177,838	5,113,325	778,680	104,069,843
Investment Income, Net	1,089,294	478,990	-	1,568,284
Chapter Assessments	8,146,744	-	-	8,146,744
Other Income	2,343,793	-	-	2,343,793
Net Assets Released from Restrictions	5,079,662	(5,079,662)	-	-
Total Revenues, Gains, and Other Support	114,837,331	512,653	778,680	116,128,664
<b>EXPENSES</b>				
Program Services:				
Wish Granting	746,258	-	-	746,258
Program-Related Support	73,104,136	-	-	73,104,136
Training and Development	2,288,505	-	-	2,288,505
Public Information	8,083,772	-	-	8,083,772
Total Program Services	84,222,671	-	-	84,222,671
Support Services:				
Fundraising	19,651,291	-	-	19,651,291
Management and General	10,579,173	-	-	10,579,173
Total Support Services	30,230,464	-	-	30,230,464
Total Program and Support Services Expense	114,453,135	-	-	114,453,135
<b>OTHER EXPENSE</b>				
Change in Value of Split-Interest Agreements	-	54,304	-	54,304
Total Expenses, Gains and Losses	114,453,135	54,304	-	114,507,439
Change in Net Assets Before Liquidiation	384,196	458,349	778,680	1,621,225
Liquidation of Texas Plains Chapter	(381,794)	-	-	(381,794)
<b>CHANGE IN NET ASSETS</b>	2,402	458,349	778,680	1,239,431
<b>NET ASSETS - BEGINNING OF YEAR</b>	24,354,559	7,320,268	9,114,655	40,789,482
<b>NET ASSETS - END OF YEAR</b>	\$ 24,356,961	\$ 7,778,617	\$ 9,893,335	\$ 42,028,913

See accompanying Notes to Consolidated Financial Statements.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 5,172,189	\$ 1,239,431
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation and Amortization	1,223,360	848,797
Bad Debt Expense and Other	32,377	-
Contributions Restricted for Long-Term Investment	(378,203)	(778,680)
Contributions Restricted for Investment in Property and Equipment	(1,400,000)	-
Net Realized and Unrealized (Gains) Losses on Investments	(2,162,284)	(1,044,500)
Contributed Property and Equipment and Investments	(2,800)	(329,482)
Change in Value of Split-Interest Agreements	115,189	54,304
Change in Discount to Present Value of Contributions Receivable	189,040	(38,112)
Changes in Assets and Liabilities:		
Contributions Receivable	723,112	(546,874)
Due from Related Entities	(557,812)	(192,678)
Prepaid Expenses	(525,873)	212,907
Other Assets	(414,765)	(204,311)
Accounts Payable and Accrued Expenses	584,587	(45,286)
Due to Related Entities	1,050,683	147,478
Other Liabilities	14,092	(296,980)
Net Cash Provided by (Used In) Operating Activities	3,662,892	(973,986)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(12,029,830)	(8,190,501)
Proceeds from Sales of Investments	12,501,249	9,389,830
Purchases of Property and Equipment	(1,926,962)	(955,003)
Net Cash Provided by (Used in) Investing Activities	(1,455,543)	244,326
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Restricted for Long-Term Investment	317,098	778,680
Contributions Restricted for Investment in Property and Equipment	315,000	-
Proceeds from Note Payable	2,562,091	-
Net Cash Provided by Financing Activities	3,194,189	778,680
Net Increase in Cash and Cash Equivalents	5,401,538	49,020
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	3,826,007	3,776,987
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 9,227,545	\$ 3,826,007
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash Paid for Interest Expense	\$ 172,883	\$ -
Donated Investments	\$ -	\$ 250,482
Contributed Property and Equipment	\$ 2,800	\$ 79,000
Acquisition of Property and Equipment Through a Note Payable	\$ 12,437,909	\$ -

See accompanying Notes to Consolidated Financial Statements.



**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2017**

	Program Services				Support Services			Building Campaign Costs	Total	
	Wish Granting	Program-Related Support	Training and Development	Public Information	Total Program Services	Fundraising	Management and General			Total Support Services
Distributions to Related Entities	\$ -	\$ 64,353,783	\$ -	\$ -	\$ 64,353,783	\$ -	\$ -	\$ -	\$ 64,353,783	
Salaries, Taxes, and Benefits	433,731	6,004,635	1,135,471	640,658	8,214,495	3,752,127	5,988,690	9,740,817	17,955,312	
Printing, Subscriptions, and Publications	868	18,920	34,960	1,453,926	1,508,674	1,884,807	526,401	2,411,208	3,923,831	
Professional Fees	9,326	3,328,865	87,978	589,931	4,016,100	2,958,113	1,018,957	3,977,070	8,233,091	
Rent and Utilities	20,715	263,740	27,181	27,181	338,817	135,895	951,031	1,086,926	1,425,743	
Postage and Delivery	1,364	43,870	2,448	875,798	923,480	1,092,336	285,206	1,377,542	2,301,022	
Travel	45,389	316,201	77,609	57,284	496,483	222,958	247,598	470,556	970,469	
Meetings and Conferences	4,201	50,150	775,884	4,617	834,852	80,640	277,585	358,225	1,193,077	
Office Supplies	3,291	91,328	6,062	4,679	105,360	23,456	208,245	231,701	337,061	
Communications	1,691	18,686	2,137	2,528	25,042	15,302	36,049	51,351	76,393	
Advertising and Media (Cash)	-	3,395	-	59,752	63,147	142,498	24,855	167,353	230,500	
Advertising and Media (In-Kind)	-	-	-	5,352,155	5,352,155	5,765,354	-	5,765,354	11,117,509	
Repairs and Maintenance	3,407	41,918	4,430	4,430	54,185	37,474	45,505	82,979	137,164	
Insurance	-	661,741	-	-	661,741	-	80,972	80,972	742,713	
Bad Debt Expense	970	12,292	1,294	1,294	15,850	6,469	10,058	16,527	32,377	
Membership Dues	5	171,992	367	7	172,371	48,788	9,532	58,320	230,691	
Grants and Scholarships	-	1,369,901	-	-	1,369,901	-	-	-	1,369,901	
Miscellaneous	518	9,966	680	653	11,817	595,719	126,787	722,506	734,323	
Interest Expense	-	-	-	-	-	-	172,883	172,883	172,883	
Depreciation and Amortization	32,555	405,140	37,320	37,114	512,129	183,710	527,521	711,231	1,223,360	
Investment Fees	-	-	-	-	-	-	112,340	112,340	112,340	
Administrative Charges	-	-	-	-	-	-	105,368	105,368	105,368	
	<u>558,031</u>	<u>77,166,523</u>	<u>2,193,821</u>	<u>9,112,007</u>	<u>89,030,382</u>	<u>16,945,646</u>	<u>10,755,583</u>	<u>27,701,229</u>	<u>247,300</u>	<u>116,978,911</u>
Less Expenses Netted Against Revenues on the Statement of Activities:										
Investment Fees	-	-	-	-	-	-	(112,340)	(112,340)	-	(112,340)
Administrative Charges	-	-	-	-	-	-	(105,368)	(105,368)	-	(105,368)
Less Expenses Listed as Nonoperating on the Statement of Activities:	-	-	-	-	-	-	-	-	(247,300)	(247,300)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 558,031</u>	<u>\$ 77,166,523</u>	<u>\$ 2,193,821</u>	<u>\$ 9,112,007</u>	<u>\$ 89,030,382</u>	<u>\$ 16,945,646</u>	<u>\$ 10,537,875</u>	<u>\$ 27,483,521</u>	<u>\$ -</u>	<u>\$ 116,513,903</u>

See accompanying Notes to Consolidated Financial Statements.

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

	Program Services				Support Services				Total
	Wish Granting	Program-Related Support	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	
Distributions to Related Entities	\$ -	\$ 61,764,500	\$ -	\$ -	\$ 61,764,500	\$ -	\$ -	\$ -	\$ 61,764,500
Salaries, Taxes, and Benefits	561,903	5,715,798	642,659	538,941	7,459,301	3,336,533	6,013,896	9,350,429	16,809,730
Printing, Subscriptions, and Publications	1,244	23,064	14,124	1,379,125	1,417,557	1,903,080	464,330	2,367,410	3,784,967
Professional Fees	14,958	2,355,380	167,642	609,869	3,147,849	2,447,094	2,120,506	4,567,600	7,715,449
Rent and Utilities	24,656	202,532	26,242	18,882	272,312	115,680	190,766	306,446	578,758
Postage and Delivery	2,807	41,032	3,269	858,573	905,681	1,159,691	290,232	1,449,923	2,355,604
Travel	54,910	439,871	261,162	79,551	835,494	249,638	372,459	622,097	1,457,591
Meetings and Conferences	23,153	48,234	1,121,350	4,879	1,197,616	75,321	293,153	368,474	1,566,090
Office Supplies	8,405	77,430	17,311	11,649	114,795	47,155	166,615	213,770	328,565
Communications	4,666	37,722	6,234	5,809	54,431	27,801	50,682	78,483	132,914
Advertising and Media (Cash)	-	-	971	139,830	140,801	138,031	47,577	185,608	326,409
Advertising and Media (In-Kind)	-	-	-	4,397,760	4,397,760	9,402,251	-	9,402,251	13,800,011
Repairs and Maintenance	342	4,709	342	342	5,735	16,280	41,085	57,365	63,100
Insurance	22,706	610,434	3,468	3,262	639,870	18,398	93,867	112,265	752,135
Membership Dues	260	139,070	550	75	139,955	39,585	15,878	55,463	195,418
Grants and Scholarships	-	1,377,453	-	-	1,377,453	-	-	-	1,377,453
Miscellaneous	657	6,396	1,269	500	8,822	457,914	128,908	586,822	595,644
Depreciation and Amortization	25,591	260,511	21,912	34,725	342,739	216,839	289,219	506,058	848,797
Investment Fees	-	-	-	-	-	-	149,903	149,903	149,903
Administrative Charges	-	-	-	-	-	-	97,031	97,031	97,031
	<u>746,258</u>	<u>73,104,136</u>	<u>2,288,505</u>	<u>8,083,772</u>	<u>84,222,671</u>	<u>19,651,291</u>	<u>10,826,107</u>	<u>30,477,398</u>	<u>114,700,069</u>
Less Expenses Netted Against Revenues on the Statement of Activities:									
Investment Fees	-	-	-	-	-	-	(149,903)	(149,903)	(149,903)
Administrative Charges	-	-	-	-	-	-	(97,031)	(97,031)	(97,031)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 746,258</u>	<u>\$ 73,104,136</u>	<u>\$ 2,288,505</u>	<u>\$ 8,083,772</u>	<u>\$ 84,222,671</u>	<u>\$ 19,651,291</u>	<u>\$ 10,579,173</u>	<u>\$ 30,230,464</u>	<u>\$ 114,453,135</u>

See accompanying Notes to Consolidated Financial Statements.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2017 AND 2016**

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of America (the Foundation) is an Arizona nonprofit corporation, the mission of which is to grant the wishes of children with life-threatening medical conditions to enrich the human experience with hope, strength, and joy. The “Foundation’s Purpose” is to grant the wish of each child who has reached the age of 2-1/2 and is under the age of 18 and who has a life threatening medical condition (i.e. a progressive, degenerative or malignant medical condition) that has placed the child’s life in jeopardy. The Foundation charters local chapters throughout the United States, its territories and possessions (Chapters) and provides financial support, guidance, and other assistance to such Chapters in performing the Foundation’s Purpose. As of August 31, 2017 and 2016, the Foundation had 62 active chartered Chapters.

Chapter Agreements entered into between each Chapter and the Foundation provide for common purposes and policy direction. The Chapter Agreement also provides the Foundation with a security interest in the assets of the Chapters. The Foundation has elected not to consolidate the Chapters’ financial results into the accompanying financial statements, except when the Foundation assumes control of a Chapter. As of and for the years ended August 31, 2017 and 2016, the combined Chapters’ financial results (excluding the Foundation, the financial results of which are presented in the accompanying financial statements) were as follows:

	2017	(Dollars in Millions)	2016	
Total Assets	\$	306.0	\$	283.7
Total Liabilities		129.0		120.5
Total Net Assets		177.0		163.2
Total Revenues		245.1		226.6
Total Expenses		231.3		230.2

As of August 31, 2015, the Foundation had assumed control of one Chapter, Make-A-Wish® Foundation of the Texas Plains, and therefore, included the assets, liabilities, and operating results of that Chapter in the Foundation’s financial statements for the year then ended. The Texas Plains Chapter was dissolved on August 31, 2016, therefore the operating results of that Chapter were included in the Foundation’s financials for the year then ended. No Chapters were under Foundation control for the year ended August 31, 2017.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2017 AND 2016**

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

**Measure of Operations**

The statements of activities for the Foundation includes in the definition of operations all resources and expenses that are an integral part of its program and supporting activities. Nonoperating activity consists of contributions that are restricted by donors for the purchase and improvement of an office building which will serve as the national headquarters of the Foundation and certain expenses related to the building fundraising campaign.

**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, 2017 and 2016 is \$390,018 and \$849,974, respectively, of money market mutual funds.

**Investments**

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in unrestricted net assets unless its use is limited by donor-imposed restrictions or law. Certain investments are valued by using the net asset value (NAV) per share (or its equivalent), as a practical expedient.

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

**Contributions Receivable**

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

**Property and Equipment, Net**

Property and equipment having a unit cost of greater than \$1,000 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 3 to 39 years, with the exception of land, which is not depreciated. 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.

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

**Property and Equipment, Net (Continued)**

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

**Fair Value Measurements**

Fair value measurements of financial assets and financial liabilities and fair value measurements of nonfinancial items are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets (or liabilities) that the reporting entity has the ability to access at the measurement date.
- Level 2 Inputs: Prices for a similar asset (or liability), other than quoted prices included in Level 1 inputs, that are observable for the asset (or liability), either directly or indirectly. If the asset (or liability) has a specified term, a Level 2 input must be observable for substantially the full term of the asset (or liability).
- Level 3 Inputs: Unobservable inputs for the asset (or liability) used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset (or liability) at measurement date.

See additional information in Note 3.

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

**Fair Value Measurements (Continued)**

The Foundation has adopted the accounting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2015-07, Disclosures for Investments in Certain Entities that Calculate Net Asset Value (NAV) per Share (or Its Equivalent). This ASU permits an organizations, as a practical expedient, to measure the fair value of certain investments using the net asset value per share of the investment and removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share. The ASU was retrospectively applied. The Organization has adopted this change in accounting principle as of September 1, 2015.

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate fair values of hedge funds, which do not have readily determinable fair values.

**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 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.

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

	2017			Total
	Programs	Fundraising	Management and General	
Wish Related	\$ 13,200,099	\$ -	\$ -	\$ 13,200,099
Professional Services	13,383	207,764	48,090	269,237
Advertising and Media	5,352,155	5,765,354	-	11,117,509
Other	1,315	-	7,238	8,553
Total Program and Supported Service Expenses	<u>\$ 18,566,952</u>	<u>\$ 5,973,118</u>	<u>\$ 55,328</u>	24,595,398
Investments (Asset)				480,867
Property and Equipment (Capitalized)				2,800
Total				<u>\$ 25,079,065</u>

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

**Revenue Recognition (Continued)**

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

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 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.

Wish related in-kind contributions consisted of the following:

	2017	2016
Computer Equipment, Games, and Toys	\$ 585,201	\$ 519,179
Cruises	454,701	796,832
Lodging	3,754,559	3,016,839
Theme Parks	1,274,575	1,146,729
Transportation	6,388,703	5,488,071
Olympic Package	-	1,419,129
Other Wish-Related Donations	742,360	726,139
Total	<u>\$ 13,200,099</u>	<u>\$ 13,112,918</u>

Rental income from tenants who lease space in the Foundation's headquarters building is recognized on a straight-line basis over the term of each lease agreement.



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

**Income Taxes**

The Foundation is a nonprofit organization exempt from federal income and Arizona taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and Arizona Revised Statutes § 43-1201(4). However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2017 and 2016. The Foundation files income tax returns in the U. S. federal jurisdiction and Arizona jurisdiction.

**Functional Expenses**

The Foundation performs six functions: wish granting, program-related support, training and development, public information, fundraising, and management and general. Definitions of these functions are as follows:

**Wish Granting**

Activities performed by the Foundation in granting wishes to children with life-threatening medical conditions.

**Program-Related Support**

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

**Training and Development**

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

**Public Information**

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

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

**Functional Expenses (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, 2017 and 2016, the Foundation incurred joint costs for activities that include fundraising appeals (primarily direct mail campaigns and newsletters), which have been allocated as follows:

	<u>2017</u>	<u>2016</u>
Fundraising	\$ 3,014,814	\$ 3,124,285
Public Information	2,528,884	2,408,904
Management and General	764,423	738,810
	<u>\$ 6,308,121</u>	<u>\$ 6,271,999</u>

Management and General

All costs not identifiable with a specific program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

Expenses that benefit more than one function of the Foundation are allocated among the functions based generally on the amount of time spent by employees on each function.

**Deferred Rent**

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$174,082 and \$504,635 at August 31, 2017 and 2016, respectively, and is included in other liabilities in the consolidated statements of financial position.

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**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, split-interest agreements and contributions receivable, in-kinds, accrued pending wish costs, net of attrition, and whether an allowance for uncollectible contributions receivable is required.

**Reclassifications**

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

**NOTE 3 FAIR VALUE MEASUREMENTS**

**Fair Value of Financial Instruments**

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

The fair values of the financial instruments shown in the following tables as of August 31, 2017 and 2016 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

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

**Investments**

Overall Investment Objective

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Foundation diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the Board's Audit and Finance committee, which oversees the Foundation's investment program in accordance with established guidelines.

Allocation of Investment Strategies

In addition to traditional stock and fixed income securities, the Foundation may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity, and real asset strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stock, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly. Private equity funds employ buy-out and venture capital strategies and focus on investments in turn-around situations. Real estate asset funds generally hold interests in public real estate investment trusts (REITS) or commercial real estate through sole-member entities. Private equity and real estate asset strategies therefore often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Foundation's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.

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

**Fair Value Hierarchy**

The following table presents the fair value hierarchy of assets that are measured at fair value on a recurring basis, except those measured at cost or by NAV per share as a practical expedient as identified in the following at August 31, 2017:

	Fair Value Measurements at August 31, 2017 Using				Investments Measured at NAV	Total
	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
<b>Investments:</b>						
<b>Mutual Funds:</b>						
Domestic Equity	\$ 4,946,780	\$ -	\$ -	\$ -	\$ -	\$ 4,946,780
International Equity	3,009,977	-	-	-	-	3,009,977
Real Estate	242,175	-	-	-	-	242,175
Bonds	1,606,467	-	-	-	-	1,606,467
<b>Equity Securities:</b>						
U.S. Corporate Equity Securities	3,728,469	-	-	-	-	3,728,469
<b>Debt Securities:</b>						
U.S. Treasury	4,180,094	-	-	-	-	4,180,094
U.S. Agency	-	1,548,991	-	-	-	1,548,991
State Treasury	-	382,701	-	-	-	382,701
Corporate	-	2,303,549	-	-	-	2,303,549
<b>Alternative Investments:</b>						
Common Collective Trust in Futures	-	600,246	-	-	-	600,246
Common Collective Trust in Long-Short Equity Funds	-	181,817	-	-	-	181,817
Common Collective Trust in Equity Mutual Funds	-	200,000	-	-	-	200,000
Hedge Funds	-	-	-	1,504,270	-	1,504,270
Other Investments	-	-	25,003	-	-	25,003
Cash and Cash Equivalents	40,672	-	-	-	-	40,672
<b>Total Investments</b>	<b>\$ 17,754,634</b>	<b>\$ 5,217,304</b>	<b>\$ 25,003</b>	<b>\$ 1,504,270</b>	<b>\$ -</b>	<b>\$ 24,501,211</b>
<b>Investments Held for Split-Interest Agreements</b>						
<b>Mutual Funds:</b>						
Domestic Equity	\$ 462,406	\$ -	\$ -	\$ -	\$ -	\$ 462,406
International Equity	158,910	-	-	-	-	158,910
Bonds	249,296	-	-	-	-	249,296
<b>Alternative Investments:</b>						
Common Collective Trust in Equity Mutual Funds	-	102,590	-	-	-	102,590
Cash and Cash Equivalents	13,258	-	-	-	-	13,258
<b>Total Investments Held for Split-Interest Agreements</b>	<b>\$ 883,870</b>	<b>\$ 102,590</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 986,460</b>

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

**Fair Value Hierarchy (Continued)**

	Fair Value Measurements at August 31, 2017 Using				Investments Measured at NAV	Total
	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
Investments Held for Long-Term Purposes						
Mutual Funds:						
Domestic Equity	\$ 2,653,064	\$ -	\$ -	\$ -	\$ 2,653,064	
International Equity	2,002,650	-	-	-	2,002,650	
Real Estate	225,728	-	-	-	225,728	
Bonds	2,940,600	-	-	-	2,940,600	
U.S. Government Securities	314,613	-	-	-	314,613	
Equity Securities:						
U.S. Corporate Equity Securities	3,012,637	-	-	-	3,012,637	
Alternative Investments:						
Common Collective Trust in Futures	-	621,762	-	-	621,762	
Common Collective Trust in Commodities	-	184,251	-	-	184,251	
Common Collective Trust in Long/Short Equity Funds	-	101,364	-	-	101,364	
Common Collective Trust in Equity Mutual Funds	-	33,667	-	-	33,667	
Hedge Funds	-	-	-	453,414	453,414	
Cash and Cash Equivalents	546,382	-	-	-	546,382	
Total Investments Held for Long-Term Purposes	<u>\$ 11,695,674</u>	<u>\$ 941,044</u>	<u>\$ -</u>	<u>\$ 453,414</u>	<u>\$ 13,090,132</u>	
Total Investments	<u>\$ 30,334,178</u>	<u>\$ 6,260,938</u>	<u>\$ 25,003</u>	<u>\$ 1,957,684</u>	<u>\$ 38,577,803</u>	

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

**Fair Value Hierarchy (Continued)**

The following table presents the fair value hierarchy of assets that are measured at fair value on a recurring basis, except those measured at cost or by NAV per share as a practical expedient as identified in the following at August 31, 2016:

	Fair Value Measurements at August 31, 2016 Using				Total
	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV	
<b>Investments:</b>					
<b>Mutual Funds:</b>					
Domestic Equity	\$ 4,883,085	\$ -	\$ -	\$ -	\$ 4,883,085
International Equity	3,183,360	-	-	-	3,183,360
Real Estate	289,345	-	-	-	289,345
Bonds	2,298,151	-	-	-	2,298,151
<b>Equity Securities:</b>					
U.S. Corporate Equity Securities	3,334,078	-	-	-	3,334,078
<b>Debt Securities:</b>					
U.S. Treasury	3,676,095	-	-	-	3,676,095
U.S. Agency	-	1,437,804	-	-	1,437,804
State Treasury	-	337,448	-	-	337,448
Foreign Governments	-	48,551	-	-	48,551
Corporate	-	2,440,506	-	-	2,440,506
<b>Alternative Investments:</b>					
Common Collective Trust in Futures	-	233,006	-	-	233,006
Common Collective Trust in Long/Short Equity Funds	-	191,766	-	-	191,766
Common Collective Trust in Equity Mutual Funds	-	647,771	-	-	647,771
Hedge Funds	-	-	-	1,408,067	1,408,067
Cash and Cash Equivalents	39,634	-	-	-	39,634
<b>Total Investments</b>	<b>\$ 17,703,748</b>	<b>\$ 5,336,852</b>	<b>\$ -</b>	<b>\$ 1,408,067</b>	<b>\$ 24,448,667</b>
<b>Investments Held for Split-Interest Agreements</b>					
<b>Mutual Funds:</b>					
Domestic Equity	\$ 321,836	\$ -	\$ -	\$ -	\$ 321,836
International Equity	108,110	-	-	-	108,110
Bonds	212,039	-	-	-	212,039
<b>Alternative Investments:</b>					
Common Collective Trust in Equity Mutual Funds	-	72,692	-	-	72,692
Cash and Cash Equivalents	14,875	-	-	-	14,875
<b>Total Investments Held for Split-Interest Agreements</b>	<b>\$ 656,860</b>	<b>\$ 72,692</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 729,552</b>

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

**Fair Value Hierarchy (Continued)**

	Fair Value Measurements at August 31, 2016 Using				Total
	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV	
Investments Held for Long-Term Purposes					
Mutual Funds:					
Domestic Equity	\$ 2,187,012	\$ -	\$ -	\$ -	\$ 2,187,012
International Equity	1,691,702	-	-	-	1,691,702
Real Estate	269,844	-	-	-	269,844
Bonds	2,879,977	-	-	-	2,879,977
U.S. Government Securities	317,029	-	-	-	317,029
Equity Securities:					
U.S. Corporate Equity Securities	2,574,218	-	-	-	2,574,218
Alternative Investments:					
Common Collective Trust in futures	-	196,938	-	-	196,938
Common Collective Trust in Commodities	-	30,871	-	-	30,871
Common Collective Trust in Long/Short Equity Funds	-	97,191	-	-	97,191
Common Collective Trust in Equity Mutual Funds	-	612,109	-	-	612,109
Hedge Funds	-	-	-	427,232	427,232
Cash and Cash Equivalents	539,785	-	-	-	539,785
 Total Investments Held for Long-Term Purposes	 \$ 10,459,567	 \$ 937,109	 \$ -	 \$ 427,232	 \$ 11,823,908
 Total Investments	 \$ 28,820,175	 \$ 6,346,653	 \$ -	 \$ 1,835,299	 \$ 37,002,127



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

**Fair Value Hierarchy (Continued)**

For the valuation of investments, investments held for split-interest agreements and investments held for long-term purposes at August 31, 2017 and 2016, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at August 31, 2017 and 2016:

Type of Investments	Fair Value at August 31, 2017	Fair Value at August 31, 2016	Redemption Frequency	Redemption Notice Period
Hedge Funds:				
Investments	\$ 1,504,270	\$ 1,408,067	Quarterly	45 Days
Long-Term Investments	453,414	427,232	Semi-Annually	60 Days
Total	<u>\$ 1,957,684</u>	<u>\$ 1,835,299</u>		

For the valuation of one investment at August 31, 2017, the Foundation used significant unobservable inputs including net asset value, as a practical expedient (Level 3).

Quantitative Information About Level 3 Fair Value Measurements				
Type of Investments	Fair Value at August 31, 2017	Fair Value at August 31, 2016	Valuation Technique	Unobservable Input
Other Investments	<u>\$ 25,003</u>	<u>\$ -</u>	Net Asset Value (NAV)	Percentage of ownership applied to fair market value as stated in audited financial statements.

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

**Fair Value Hierarchy (Continued)**

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

	<u>2017</u>	<u>2016</u>
Beginning Balance	\$ -	\$ -
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	-	-
Purchases	25,003	-
Sales	-	-
Ending Balance	<u>\$ 25,003</u>	<u>\$ -</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>\$ -</u>	<u>\$ -</u>

Investment liquidity as of August 31, 2017 and 2016 are aggregated below based on redemption or sale period.

	<u>Investment Values</u>	
	<u>2017</u>	<u>2016</u>
Investment Redemption or Sale Period:		
Daily	\$ 36,595,116	\$ 35,166,828
Quarterly	1,529,273	1,408,067
Semi-Annual	453,414	427,232
Total	<u>\$ 38,577,803</u>	<u>\$ 37,002,127</u>

Total investment income, gains, and losses for the years ended August 31, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Interest and Dividend Income	\$ 689,399	\$ 673,687
Realized and Unrealized Gains (Losses), Net	2,162,284	1,044,500
Less Investment Expenses	(112,340)	(149,903)
Investment Income (Loss), Net	<u>\$ 2,739,343</u>	<u>\$ 1,568,284</u>

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
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**NOTE 4 CONTRIBUTIONS RECEIVABLE**

Contributions receivable include pledges that have been discounted at rates ranging from 2.325% to 4.25% during August 31, 2017 and 2016. The following is a summary of the Foundation's contributions receivable at August 31:

	2017	2016
Total Amounts Due in:		
One Year	\$ 5,201,815	\$ 5,698,796
Two to Five Years	1,278,946	466,349
More than Five Years	550,000	475,000
Gross Contributions Receivable	7,030,761	6,640,145
Less Allowance for Doubtful Accounts	-	-
Less Discount to Present Value	(457,336)	(268,296)
Contributions Receivable, Net	\$ 6,573,425	\$ 6,371,849

**NOTE 5 SPLIT-INTEREST AGREEMENTS**

**Charitable Gift Annuities**

Donors have contributed assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the terms of such agreements, no trust exists, as the assets received are held by and the liability is a general 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, 2017 and 2016 ranged from 1.20% to 6.20%. The charitable gift annuities account also includes assets from contributions and income totaling \$41,611 and \$38,507 at August 31, 2017 and 2016, respectively, for legally mandated reserves.

Liabilities to beneficiaries under charitable gift annuities totaled \$373,525 and \$301,980 at August 31, 2017 and 2016, respectively, and are included in other liabilities in the accompanying consolidated statements of financial position.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
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**NOTE 5 SPLIT-INTEREST AGREEMENTS (CONTINUED)**

Liabilities to chapters who are designated as remainder beneficiaries under charitable gift annuities totaled \$467,405 and \$316,245 at August 31, 2017 and 2016, respectively, and are included in due to related entities in the accompanying consolidated statements of financial position.

**NOTE 6 TRANSACTIONS WITH RELATED ENTITIES**

Chapters pay annual dues to the Foundation, which were \$8,002,703 and \$8,146,744, for the years ended August 31, 2017 and 2016. The Foundation supports the Chapters by providing funding and other support for the granting of wishes.

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and, as determined by the Foundation, are shared with the Chapters. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel, and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2017 and 2016, the Foundation provided the Chapters with contributions which were \$47,496,498 and \$45,972,302, respectively, from these national revenue streams.

As part of the Foundation's Wishes Forever Campaign, donors may designate chapters to receive periodic distributions, if and when such distributions are approved by the Foundation. Distributions are limited to income earned by the underlying assets which are held in perpetuity by the Foundation. Under this program, the Foundation provided the Chapters with contributions which were \$339,265 and \$217,735 for the years ended August 31, 2017 and 2016, respectively.

The Foundation conducts national fundraising efforts for which in-kind donations are received and shared with the Chapters. Donations received as a result of these efforts are reported in the consolidated statements of activities as in-kind contributions to the unrestricted fund and reported as Distributions to Related Entities, or expenses of the Foundation, in the consolidated statements of functional expenses. Under this program, the Foundation provided the Chapters with contributions which were \$13,341,005 and \$12,830,879, for the years ended August 31, 2017 and 2016, respectively.

As part of the Foundation's Wish Fulfillment Fund (a designated fund), Chapters may apply for funds that have been donated by corporate sponsors or other Chapters to underwrite the cost of wishes. Under this program, the Foundation provided 18 and 19 Chapters with contributions, totaling \$3,177,015 and \$2,743,584 during the years ended August 31, 2017 and 2016, respectively, which are reported in the consolidated statements of functional expenses as Distributions to Related Entities.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
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**NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)**

As part of the Foundation's grant and scholarship programs, Chapters may apply for funds to supplement existing programs to attend Foundation sponsored events. Under these programs, the Foundation provided 62 and 44 Chapters with contributions, totaling \$1,369,901 and \$1,377,453, during the years ended August 31, 2017 and 2016, respectively, which are reported in the consolidated statements of functional expenses as Grants and Scholarships.

As of August 31, 2017 and 2016, the Foundation had amounts due from related entities of \$1,267,752 and \$709,940 and amounts due to related entities of \$6,597,457 and \$5,546,774.

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

During 2017 and 2016, the Foundation received contributions, both cash and in kind, from employees and board members totaling \$660,666 and \$271,249, respectively. As of August 31, 2017 and 2016, amounts due from employees and board members totaled \$1,337,633 and \$1,075,503, respectively, and are included in contributions receivable in the accompanying consolidated statements of the financial position.

**NOTE 7 PROPERTY AND EQUIPMENT, NET**

On November 14, 2016, the Foundation purchased a 82,882 square foot building in Phoenix, Arizona for \$12,625,000, which it intends to use as its national headquarters beginning in summer 2018.

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

	2017	2016
Land	\$ 2,000,000	\$ -
Building and Building Improvements	10,771,565	-
Computer Equipment and Software	3,410,382	2,272,764
Website and Website Templates	2,512,167	2,195,015
Office Furniture	703,295	703,295
Other Equipment	487,571	471,822
Leasehold Improvements	927,085	844,736
	<u>20,812,065</u>	<u>6,487,632</u>
Less Accumulated Depreciation and Amortization	(4,995,010)	(3,814,888)
Property and Equipment, Net	<u>\$ 15,817,055</u>	<u>\$ 2,672,744</u>

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
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**NOTE 7 PROPERTY AND EQUIPMENT, NET (CONTINUED)**

Depreciation and amortization expense totaled \$1,223,360 and \$848,797 for the years ended August 31, 2017 and 2016, respectively.

**NOTE 8 CREDIT AGREEMENT**

The Foundation sponsors a corporate travel card account program (the Card Program) with a financial institution. In the event of default by the sponsored account holder, the Foundation has the primary and continuing obligation of payment. The total credit limit under this credit agreement is \$12,500,000, while \$4,876,915 and \$4,915,300 were outstanding on this credit agreement, as of August 31, 2017 and 2016, respectively.

**NOTE 9 NOTE PAYABLE**

On November 2, 2016, the Foundation entered into a term loan (the Loan) of up to \$15,000,000 with Bank of America, N. A. The proceeds were used to purchase and renovate a building to use as its national headquarters. Interest on the loan is paid monthly and accrues at a rate per year equal to the LIBOR Daily Floating Rate plus 0.72%. The Loan principal and any outstanding interest must be repaid no later than November 30, 2019. The Loan requires the Foundation to comply with certain financial and nonfinancial covenants. The Foundation drew down \$12,437,909 to purchase the building in November 2016 and \$2,562,091 to fund construction projects in August 2017 for a total of \$15,000,000 outstanding as of August 31, 2017. Total interest for the loan was \$172,883 for the year ended August 31, 2017 and is included in miscellaneous expenses in the consolidated statement of functional expenses.

**NOTE 10 LEASES**

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through October 31, 2019. Total rent expense for all operating leases, net of sublease payments for the years ended August 31, 2017 and 2016, totaled \$868,986 and \$851,594, respectively. Total sublease payments to the Foundation for the years ended August 31, 2017 and 2016, each totaled \$64,557.

As of August 31, 2017, the Foundation had made the decision to give notice to its landlord in October 2017 that the Foundation would be leaving its current office space in July 2018. This resulted in the accrual of an early termination penalty of \$460,231, the write-off of \$381,630 in deferred rent and tenant improvements, and the write-off of \$16,645 in sublease rent receivable. The net of these amounts, \$95,246, was recognized as additional rent expense for the year ended August 31, 2017.

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**NOTE 10 LEASES (CONTINUED)**

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

	<u>Operating Leases</u>	<u>Operating Sublease</u>	<u>Operating Leases, net</u>
<u>Year Ending August 31:</u>			
2018	\$ 639,966	\$ (68,829)	\$ 571,137
2019	13,302	-	13,302
2020	1,110	-	1,110
Total Minimum Lease Payments	<u>\$ 654,378</u>	<u>\$ (68,829)</u>	<u>\$ 585,549</u>

The Foundation leases space in its headquarters building to unrelated parties under agreements that expire at various dates through May 31, 2022. Revenue from the leased space for the year ended August 31, 2017 totaled \$910,532.

Future minimum payments to the Foundation under the leases of space in its headquarters building are as follows:

<u>Year Ending August 31:</u>	
2018	\$ 749,265
2019	677,454
2020	559,223
2021	401,200
2022	201,287
Thereafter	179,848
Total	<u>\$ 2,768,277</u>

**NOTE 11 ENDOWMENTS**

The Foundation is subject to the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and is required to make disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation's endowment consists of 2 general endowments and a group of funds established for the purpose of granting children's wishes, which together total 48 individual donor-restricted funds. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets, both donor-restricted and board-designated, are reflected as investments held for long-term purposes on the statements of financial position.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 11 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law**

The board of directors of the Foundation has interpreted the Arizona UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

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

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ -	\$ 2,172,248	\$ 9,771,538	\$ 11,943,786
Board-Designated Endowment Funds	-	-	-	-
Total Funds	<u>\$ -</u>	<u>\$ 2,172,248</u>	<u>\$ 9,771,538</u>	<u>\$ 11,943,786</u>
	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ (1,368)	\$ 1,634,395	\$ 9,893,335	\$ 11,526,362
Board-Designated Endowment Funds	-	-	-	-
Total Funds	<u>\$ (1,368)</u>	<u>\$ 1,634,395</u>	<u>\$ 9,893,335</u>	<u>\$ 11,526,362</u>



**MAKE-A-WISH FOUNDATION® OF AMERICA**  
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**AUGUST 31, 2017 AND 2016**

**NOTE 11 ENDOWMENTS (CONTINUED)**

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

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ (1,368)	\$ 1,634,395	\$ 9,893,335	\$ 11,526,362
Investment Return:				
Investment Income	-	195,432	-	195,432
Net Appreciation (Realized and Unrealized)	1,368	739,953	-	741,321
Total Investment Return	1,368	935,385	-	936,753
Contributions	-	-	378,203	378,203
Release of Permanent Donor Restriction by Donor	-	-	(72,901)	(72,901)
Appropriation of Endowment Assets for Expenditure	-	(397,532)	-	(397,532)
Other Changes:				
Release of Endowment Pledges	-	-	(427,099)	(427,099)
Endowment Net Assets - End of Year	<u>\$ -</u>	<u>\$ 2,172,248</u>	<u>\$ 9,771,538</u>	<u>\$ 11,943,786</u>
	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ (2,479)	\$ 1,533,106	\$ 9,114,655	\$ 10,645,282
Investment Return:				
Investment Income	774	173,460	-	174,234
Net Depreciation (Realized and Unrealized)	6,337	305,530	-	311,867
Total Investment Return	7,111	478,990	-	486,101
Contributions	-	-	778,680	778,680
Appropriation of Endowment Assets for Expenditure	(6,000)	(377,701)	-	(383,701)
Endowment Net Assets - End of Year	<u>\$ (1,368)</u>	<u>\$ 1,634,395</u>	<u>\$ 9,893,335</u>	<u>\$ 11,526,362</u>

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
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**NOTE 11 ENDOWMENTS (CONTINUED)**

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

	2017	2016
Permanently Restricted Net Assets:		
The Portion of Perpetual Endowment Funds that is Required to be Retained Permanently Either by Explicit Donor Stipulation or by UPMIFA	\$ 9,771,538	\$ 9,893,335
Temporarily Restricted Net Assets:		
The Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA:		
Without Purpose Restrictions	\$ -	\$ -
With Purpose Restrictions	2,172,248	1,634,395
Total Endowment Funds Classified as Temporarily Restricted Net Assets	\$ 2,172,248	\$ 1,634,395

**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 \$-0- and \$1,368 as of August 31, 2017 and 2016, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the board of directors.

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor specified purpose. Under the investment policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to generate a level of current income (interest and dividends) consistent with the overriding investment goal of the Fund while avoiding excessive risk. The Foundation expects its endowment funds, over time, to achieve a total return in excess of the rate of inflation plus cash flow needs over the investment horizon in order to preserve purchasing power of Fund assets. The overriding investment goal of the Fund is to conserve and enhance the capital value of the Fund in real terms, through asset appreciation and income generation. Actual returns in any given year may vary from this goal.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
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**AUGUST 31, 2017 AND 2016**

**NOTE 11 ENDOWMENTS (CONTINUED)**

**Strategies Employed for Achieving Objectives**

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

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

The Foundation has a policy of appropriating for distribution each year between 3% and 5% of its endowment fund's average fair value over the prior three years through the calendar year-end preceding the fiscal year in which the distribution is planned. However, if the market value of 'Named' and 'Legacy' funds, as defined in the Endowment Policy are less than the Fund's threshold level, the distribution will be less than the Targeted Distribution, as defined in the Endowment Policy. If the market value of 'Named' and 'Legacy' endowment funds, are less than the Fund's corpus but more than the threshold level, the distribution will be limited to the lower of its Targeted Distribution or Realized Increase, as defined in the Endowment Policy. The Endowment Policy also entitles the Foundation to receive, from each Fund, a reasonable percentage, not to exceed 3% of the Fund's market value, for administering the Fund. In establishing this policy, the Foundation considered the long term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 2% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

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

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

	2017	2016
Time Restrictions	\$ 4,654,662	\$ 5,562,034
Purpose Restrictions	5,266,028	2,216,583
Total Temporarily Restricted Net Assets	<u>\$ 9,920,690</u>	<u>\$ 7,778,617</u>

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

	2017	2016
Investments in Perpetuity, the Income from which is Expendable to Support Defined Activities of the Foundation	<u>\$ 9,771,538</u>	<u>\$ 9,893,335</u>

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2017 AND 2016**

**NOTE 13 RETIREMENT PLAN**

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan if they have reached 21 years of age and are employed upon the applicable entry date. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches 100% of employee contributions up to 5% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2017 and 2016 were \$460,974 and \$432,358, respectively.

**NOTE 14 CONCENTRATIONS OF CREDIT RISK**

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

Contributions totaling \$9,489,873 and \$10,142,745 were received from a single donor for the years ended August 31, 2017 and 2016, respectively, which represents 9.0% and 9.8%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

**NOTE 15 LITIGATION AND CLAIMS**

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

**NOTE 16 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through January 19, 2018, the date at which the financial statements were available to be issued.

## **Supplementary Information**

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**STATEMENTS OF FINANCIAL POSITION – NATIONAL OFFICE ONLY**  
**AUGUST 31, 2017 AND 2016**

<b>ASSETS</b>	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents	\$ 9,227,545	\$ 3,826,007
Investments	24,501,211	24,448,667
Due from Related Entities	1,267,752	709,940
Prepaid Expenses	1,423,023	897,150
Contributions Receivable, Net	6,573,425	6,371,849
Other Assets	1,030,797	616,032
Split-Interest Agreements	986,460	729,552
Investments Held for Long-Term Purposes	13,090,132	11,823,908
Property and Equipment, Net.	<u>15,817,055</u>	<u>2,672,744</u>
Total Assets	<u>\$ 73,917,400</u>	<u>\$ 52,095,849</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable and Accrued Expenses	\$ 3,784,040	\$ 3,199,453
Due to Related Entities	6,597,457	5,546,774
Other Liabilities	1,334,801	1,320,709
Note Payable	15,000,000	-
Total Liabilities	<u>26,716,298</u>	<u>10,066,936</u>
Net Assets		
Unrestricted	27,508,874	24,356,961
Temporarily Restricted	9,920,690	7,778,617
Permanently Restricted	<u>9,771,538</u>	<u>9,893,335</u>
Total Net Assets	<u>47,201,102</u>	<u>42,028,913</u>
Total Liabilities and Net Assets	<u>\$ 73,917,400</u>	<u>\$ 52,095,849</u>

See accompanying independent auditors' report.

**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**STATEMENT OF ACTIVITIES – NATIONAL OFFICE ONLY**  
**YEAR ENDED AUGUST 31, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Public Support:				
Contributions, Net of Write-Offs	\$ 98,037,109	\$ 4,736,485	\$ 378,203	\$ 103,151,797
Grants	2,443,793	-	-	2,443,793
Total Public Support	<u>100,480,902</u>	<u>4,736,485</u>	<u>378,203</u>	<u>105,595,590</u>
Investment Income, Net	1,802,590	936,753	-	2,739,343
Chapter Assessments	8,002,703	-	-	8,002,703
Other Income	4,388,802	-	-	4,388,802
Net Assets Released from Restrictions	5,238,119	(4,738,119)	(500,000)	-
Total Revenues, Gains, and Other Support	<u>119,913,116</u>	<u>935,119</u>	<u>(121,797)</u>	<u>120,726,438</u>
<b>EXPENSES</b>				
Program Services:				
Wish Granting	558,031	-	-	558,031
Program-Related Support	77,166,523	-	-	77,166,523
Training and Development	2,193,821	-	-	2,193,821
Public Information	9,112,007	-	-	9,112,007
Total Program Services	<u>89,030,382</u>	<u>-</u>	<u>-</u>	<u>89,030,382</u>
Support Services:				
Fundraising	16,945,646	-	-	16,945,646
Management and General	10,537,875	-	-	10,537,875
Total Support Services	<u>27,483,521</u>	<u>-</u>	<u>-</u>	<u>27,483,521</u>
Total Program and Support Services Expense	116,513,903	-	-	116,513,903
<b>OTHER EXPENSE</b>				
Change in Value of Split-Interest Agreements	-	115,189	-	115,189
Total Expenses and Losses	<u>116,513,903</u>	<u>115,189</u>	<u>-</u>	<u>116,629,092</u>
Change in Net Assets from Operations	3,399,213	819,930	(121,797)	4,097,346
<b>NONOPERATING ACTIVITIES</b>				
Building Campaign Contributions, Net	-	1,322,143	-	1,322,143
Building Campaign Expenditures	(247,300)	-	-	(247,300)
Change in Net Assets from Nonoperating Activities	<u>(247,300)</u>	<u>1,322,143</u>	<u>-</u>	<u>1,074,843</u>
<b>CHANGE IN NET ASSETS</b>	3,151,913	2,142,073	(121,797)	5,172,189
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>24,356,961</u>	<u>7,778,617</u>	<u>9,893,335</u>	<u>42,028,913</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 27,508,874</u>	<u>\$ 9,920,690</u>	<u>\$ 9,771,538</u>	<u>\$ 47,201,102</u>

See accompanying independent auditors' report.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Public Support:				
Contributions, Net of Write-Offs	\$ 96,380,188	\$ 5,113,325	\$ 778,680	\$ 102,272,193
Grants	1,794,214	-	-	1,794,214
Total Public Support	<u>98,174,402</u>	<u>5,113,325</u>	<u>778,680</u>	<u>104,066,407</u>
Investment Loss, Net	1,088,445	478,990	-	1,567,435
Chapter Assessments	8,146,744			8,146,744
Other Income	2,342,569	-	-	2,342,569
Net Assets Released from Restrictions	5,079,662	(5,079,662)	-	-
Total Revenues, Gains, and Other Support	<u>114,831,822</u>	<u>512,653</u>	<u>778,680</u>	<u>116,123,155</u>
<b>EXPENSES</b>				
Program Services:				
Wish Granting	746,258	-	-	746,258
Program-Related Support	73,104,136	-	-	73,104,136
Training and Development	2,288,505	-	-	2,288,505
Public Information	8,083,772	-	-	8,083,772
Total Program Services	<u>84,222,671</u>	<u>-</u>	<u>-</u>	<u>84,222,671</u>
Support Services:				
Fundraising	19,651,291	-	-	19,651,291
Management and General	10,578,583	-	-	10,578,583
Total Support Services	<u>30,229,874</u>	<u>-</u>	<u>-</u>	<u>30,229,874</u>
Total Program and Support Services Expense	114,452,545	-	-	114,452,545
<b>OTHER EXPENSE</b>				
Change in Split-Interest Agreements	-	54,304	-	54,304
Total Expenses and Losses	<u>114,452,545</u>	<u>54,304</u>	<u>-</u>	<u>114,506,849</u>
Change in Net Assets Before Transfers	379,277	458,349	778,680	1,616,306
Transfer of Assets from Texas Plains Chapter	-	-	-	-
<b>CHANGE IN NET ASSETS</b>	379,277	458,349	778,680	1,616,306
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>23,977,684</u>	<u>7,320,268</u>	<u>9,114,655</u>	<u>40,412,607</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 24,356,961</u>	<u>\$ 7,778,617</u>	<u>\$ 9,893,335</u>	<u>\$ 42,028,913</u>

See accompanying independent auditors' report.



**MAKE-A-WISH FOUNDATION® OF AMERICA**  
**STATEMENTS OF CASH FLOWS – NATIONAL OFFICE ONLY**  
**YEARS ENDED AUGUST 31, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 5,172,189	\$ 1,616,306
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation and Amortization	1,223,360	848,797
Bad Debt Expense and Other	32,377	-
Contributions Restricted for Long-Term Investment	(378,203)	(778,680)
Contributions Restricted for Investment in Property and Equipment	(1,400,000)	-
Net Realized and Unrealized (Gains) Losses on Investments	(2,162,284)	(1,044,500)
Contributed Property and Equipment and Investments	(2,800)	(329,482)
Change in Value of Split-Interest Agreements	115,189	54,304
Change in Discount to Present Value of Contributions Receivable	189,040	(38,112)
Changes in Assets and Liabilities:		
Contributions Receivable	723,112	(546,874)
Due from Related Entities	(557,812)	(192,678)
Prepaid Expenses	(525,873)	212,907
Other Assets	(414,765)	(204,691)
Accounts Payable and Accrued Expenses	584,587	(45,286)
Due to Related Entities	1,050,683	147,478
Other Liabilities	14,092	(296,980)
Net Cash Provided by (Used in) Operating Activities	3,662,892	(597,491)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(12,029,830)	(8,190,501)
Proceeds from Sales of Investments	12,501,249	9,389,830
Purchases of Property and Equipment	(1,926,962)	(955,503)
Net Cash Provided by (Used in) Investing Activities	(1,455,543)	243,826
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Restricted for Long-Term Investment	317,098	778,680
Contributions Restricted for Investment in Property and Equipment	315,000	-
Proceeds from Note Payable	2,562,091	-
Net Cash Provided by Financing Activities	3,194,189	778,680
Net Increase in Cash and Cash Equivalents	5,401,538	425,015
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	3,826,007	3,400,992
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 9,227,545	\$ 3,826,007
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash Paid for Interest Expense	\$ 172,883	\$ -
Donated Investments	\$ -	\$ 250,482
Contributed Property and Equipment	\$ 2,800	\$ 79,000
Acquisition of Property and Equipment Through a Note Payable	\$ 12,437,909	\$ -

See accompanying independent auditors' report.

**MAKE-A-WISH FOUNDATION® OF AMERICA  
STATEMENT OF FUNCTIONAL EXPENSES – NATIONAL OFFICE ONLY  
YEAR ENDED AUGUST 31, 2017**

	Program Services				Total Program Services	Support Services			Building Campaign Costs	Total
	Wish Granting	Program-Related Support	Training and Development	Public Information		Fundraising	Management and General	Total Support Services		
Distributions to Related Entities	\$ -	\$ 64,353,783	\$ -	\$ -	\$ 64,353,783	\$ -	\$ -	\$ -	\$ -	\$ 64,353,783
Salaries, Taxes, and Benefits	433,731	6,004,635	1,135,471	640,658	8,214,495	3,752,127	5,988,690	9,740,817	-	17,955,312
Printing, Subscriptions, and Publications	868	18,920	34,960	1,453,926	1,508,674	1,884,807	526,401	2,411,208	3,949	3,923,831
Professional Fees	9,326	3,328,865	87,978	589,931	4,016,100	2,958,113	1,018,957	3,977,070	239,921	8,233,091
Rent and Utilities	20,715	263,740	27,181	27,181	338,817	135,895	951,031	1,086,926	-	1,425,743
Postage and Delivery	1,364	43,870	2,448	875,798	923,480	1,092,336	285,206	1,377,542	-	2,301,022
Travel	45,389	316,201	77,609	57,284	496,483	222,958	247,598	470,556	3,430	970,469
Meetings and Conferences	4,201	50,150	775,884	4,617	834,852	80,640	277,585	358,225	-	1,193,077
Office Supplies	3,291	91,328	6,062	4,679	105,360	23,456	208,245	231,701	-	337,061
Communications	1,691	18,686	2,137	2,528	25,042	15,302	36,049	51,351	-	76,393
Advertising and Media (Cash)	-	3,395	-	59,752	63,147	142,498	24,855	167,353	-	230,500
Advertising and Media (In-Kind)	-	-	-	5,352,155	5,352,155	5,765,354	-	5,765,354	-	11,117,509
Repairs and Maintenance	3,407	41,918	4,430	4,430	54,185	37,474	45,505	82,979	-	137,164
Insurance	-	661,741	-	-	661,741	-	80,972	80,972	-	742,713
Bad Debt Expense	970	12,292	1,294	1,294	15,850	6,469	10,058	16,527	-	32,377
Membership Dues	5	171,992	367	7	172,371	48,788	9,532	58,320	-	230,691
Grants and Scholarships	-	1,369,901	-	-	1,369,901	-	-	-	-	1,369,901
Miscellaneous	518	9,966	680	653	11,817	595,719	126,787	722,506	-	734,323
Interest Expense	-	-	-	-	-	-	172,883	172,883	-	172,883
Depreciation and Amortization	32,555	405,140	37,320	37,114	512,129	183,710	527,521	711,231	-	1,223,360
Investment Fees	-	-	-	-	-	-	112,340	112,340	-	112,340
Administrative Charges	-	-	-	-	-	-	105,369	105,369	-	105,369
	<u>558,031</u>	<u>77,166,523</u>	<u>2,193,821</u>	<u>9,112,007</u>	<u>89,030,382</u>	<u>16,945,646</u>	<u>10,755,584</u>	<u>27,701,230</u>	<u>247,300</u>	<u>116,978,912</u>
Less Expenses Netted Against Revenues on the Statement of Activities:										
Investment Fees	-	-	-	-	-	-	(112,340)	(112,340)	-	(112,340)
Administrative Charges	-	-	-	-	-	-	(105,369)	(105,369)	-	(105,369)
Less Expenses Listed as Nonoperating on the Statement of Activities:	-	-	-	-	-	-	-	-	(247,300)	(247,300)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 558,031</u>	<u>\$ 77,166,523</u>	<u>\$ 2,193,821</u>	<u>\$ 9,112,007</u>	<u>\$ 89,030,382</u>	<u>\$ 16,945,646</u>	<u>\$ 10,537,875</u>	<u>\$ 27,483,521</u>	<u>\$ -</u>	<u>\$ 116,513,903</u>

See accompanying independent auditors' report.

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

	Program Services				Support Services				Total
	Wish Granting	Program-Related Support	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	
Distributions to Related Entities	\$ -	\$ 61,764,500	\$ -	\$ -	\$ 61,764,500	\$ -	\$ -	\$ -	\$ 61,764,500
Salaries, Taxes, and Benefits	561,903	5,715,798	642,659	538,941	7,459,301	3,336,533	6,013,896	9,350,429	16,809,730
Printing, Subscriptions, and Publications	1,244	23,064	14,124	1,379,125	1,417,557	1,903,080	464,330	2,367,410	3,784,967
Professional Fees	14,958	2,355,380	167,642	609,869	3,147,849	2,447,094	2,120,506	4,567,600	7,715,449
Rent and Utilities	24,656	202,532	26,242	18,882	272,312	115,680	190,386	306,066	578,378
Postage and Delivery	2,807	41,032	3,269	858,573	905,681	1,159,691	290,232	1,449,923	2,355,604
Travel	54,910	439,871	261,162	79,551	835,494	249,638	372,459	622,097	1,457,591
Meetings and Conferences	23,153	48,234	1,121,350	4,879	1,197,616	75,321	293,153	368,474	1,566,090
Office Supplies	8,405	77,430	17,311	11,649	114,795	47,155	166,615	213,770	328,565
Communications	4,666	37,722	6,234	5,809	54,431	27,801	50,682	78,483	132,914
Advertising and Media (Cash)	-	-	971	139,830	140,801	138,031	47,577	185,608	326,409
Advertising and Media (In-Kind)	-	-	-	4,397,760	4,397,760	9,402,251	-	9,402,251	13,800,011
Repairs and Maintenance	342	4,709	342	342	5,735	16,280	41,085	57,365	63,100
Insurance	22,706	610,434	3,468	3,262	639,870	18,398	93,867	112,265	752,135
Membership Dues	260	139,070	550	75	139,955	39,585	15,878	55,463	195,418
Grants and Scholarships	-	1,377,453	-	-	1,377,453	-	-	-	1,377,453
Miscellaneous	657	6,396	1,269	500	8,822	457,914	128,698	586,612	595,434
Depreciation and Amortization	25,591	260,511	21,912	34,725	342,739	216,839	289,219	506,058	848,797
Investment Fees	-	-	-	-	-	-	149,903	149,903	149,903
Administrative Charges	-	-	-	-	-	-	97,031	97,031	97,031
	<u>746,258</u>	<u>73,104,136</u>	<u>2,288,505</u>	<u>8,083,772</u>	<u>84,222,671</u>	<u>19,651,291</u>	<u>10,825,517</u>	<u>30,476,808</u>	<u>114,699,479</u>
Less Expenses Netted Against Revenues on the Statement of Activities:									
Investment Fees	-	-	-	-	-	-	(149,903)	(149,903)	(149,903)
Administrative Charges	-	-	-	-	-	-	(97,031)	(97,031)	(97,031)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 746,258</u>	<u>\$ 73,104,136</u>	<u>\$ 2,288,505</u>	<u>\$ 8,083,772</u>	<u>\$ 84,222,671</u>	<u>\$ 19,651,291</u>	<u>\$ 10,578,583</u>	<u>\$ 30,229,874</u>	<u>\$ 114,452,545</u>

See accompanying independent auditors' report.