

MAKE-A-WISH FOUNDATION® OF AMERICA

Consolidated Financial Statements

August 31, 2014

(With Independent Auditors' Report Thereon)

MAKE-A-WISH FOUNDATION® OF AMERICA

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Make-A-Wish Foundation® of America, which comprise the consolidated statement of financial position as of August 31, 2014, and the related consolidated statements of activities, cash flows and functional expenses for the year 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 control 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2014, and change in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Schedule 1 through 4 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 16, 2015

MAKE-A-WISH FOUNDATION® OF AMERICA

Consolidated Statement of Financial Position

August 31, 2014

Assets

Cash and cash equivalents	\$	5,966,350
Investments		27,414,800
Due from related entities		1,376,522
Prepaid expenses		630,922
Contributions receivable, net		5,147,913
Other assets		71,277
Split-interest agreements		553,359
Investments held for long-term purposes		11,168,202
Property and equipment, net		2,483,751
Total assets	\$	<u>54,813,096</u>

Liabilities and Net Assets

Accounts payable and accrued expenses	\$	2,985,373
Due to related entities		5,231,277
Other liabilities		1,088,963
Total liabilities		<u>9,305,613</u>
Net assets		
Unrestricted		29,656,151
Temporarily restricted		7,254,456
Permanently restricted		8,596,876
Total net assets		<u>45,507,483</u>
Total liabilities and net assets	\$	<u>54,813,096</u>

See accompanying notes to consolidated financial statements.

MAKE-A-WISH FOUNDATION® OF AMERICA

Consolidated Statement of Activities

Year ended August 31, 2014

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Public support:				
Contributions, net of write-offs	\$ 74,469,119	1,822,991	(424,310)	75,867,800
Grants	5,000	—	—	5,000
Total public support	<u>74,474,119</u>	<u>1,822,991</u>	<u>(424,310)</u>	<u>75,872,800</u>
Investment income, net	3,405,486	1,405,032	—	4,810,518
Chapter assessments	6,627,473	—	—	6,627,473
Other income	1,443,094	—	—	1,443,094
Net assets released from restrictions	1,807,417	(1,807,417)	—	—
Total revenues, gains, and other support	<u>87,757,589</u>	<u>1,420,606</u>	<u>(424,310)</u>	<u>88,753,885</u>
Expenses:				
Program services:				
Wish granting	434,443	—	—	434,443
Program-related support	58,319,132	—	—	58,319,132
Training and development	1,411,420	—	—	1,411,420
Public information	8,028,503	—	—	8,028,503
Total program services	<u>68,193,498</u>	<u>—</u>	<u>—</u>	<u>68,193,498</u>
Support services:				
Fund raising	8,642,191	—	—	8,642,191
Management and general	7,968,944	—	—	7,968,944
Total support services	<u>16,611,135</u>	<u>—</u>	<u>—</u>	<u>16,611,135</u>
Total program and support services expenses	<u>84,804,633</u>	<u>—</u>	<u>—</u>	<u>84,804,633</u>
Change in value of split-interest agreements	—	31,395	—	31,395
Total expenses and losses	<u>84,804,633</u>	<u>31,395</u>	<u>—</u>	<u>84,836,028</u>
Change in net assets	2,952,956	1,389,211	(424,310)	3,917,857
Net assets, beginning of the year	26,703,195	5,865,245	9,021,186	41,589,626
Net assets, end of the year	\$ <u>29,656,151</u>	<u>7,254,456</u>	<u>8,596,876</u>	<u>45,507,483</u>

See accompanying notes to consolidated financial statements.

MAKE-A-WISH FOUNDATION® OF AMERICA

Consolidated Statement of Cash Flows

Year ended August 31, 2014

Cash flows from operating activities:	
Change in net assets	\$ 3,917,857
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization	711,493
Contributions restricted for long-term investment	424,310
Net realized and unrealized gains on investments	(4,267,412)
Contributed stock	(187,968)
Change in value of split-interest agreements	(31,395)
Change in discount to present value of contributions receivable	(23,707)
Changes in assets and liabilities:	
Contributions receivable	299,439
Due from related entities	(442,499)
Prepaid expenses	(111,628)
Other assets	(319,248)
Accounts payable and accrued expenses	913,627
Due to related entities	(195,285)
Other liabilities	(216,037)
	<hr/>
Net cash provided by operating activities	471,547
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Cash flows from investing activities:	
Purchases of investments	(18,207,373)
Proceeds from sales of investments	19,469,479
Purchases of property and equipment	(917,900)
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Net cash provided by investing activities	344,206
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Cash flows from financing activities:	
Contributions restricted for long-term investment	(424,310)
	<hr/>
Net cash used in financing activities	(424,310)
	<hr/>
Net increase in cash and cash equivalents	391,443
Cash and cash equivalents, beginning of year	5,574,907
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Cash and cash equivalents, end of year	\$ 5,966,350
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See accompanying notes to consolidated financial statements.

MAKE-A-WISH FOUNDATION® OF AMERICA

Consolidated Statement of Functional Expenses

Year ended August 31, 2014

	Program services				Support services			Total	
	Wish granting	Program-related support	Training and development	Public information	Total program services	Fund raising	Management and general		Total support services
Direct costs of wishes	\$ —	218,685	—	—	218,685	—	—	—	218,685
Distributions to related entities	—	47,625,161	—	—	47,625,161	—	—	—	47,625,161
Salaries, taxes, and benefits	315,274	4,157,840	436,418	421,530	5,331,062	2,897,107	4,818,443	7,715,550	13,046,612
Printing, subscriptions, and publications	238	14,752	24,611	1,322,157	1,361,758	1,920,556	476,059	2,396,615	3,758,373
Professional fees	5,257	2,572,554	28,117	343,481	2,949,409	1,543,673	902,028	2,445,701	5,395,110
Rent and utilities	15,428	154,153	20,528	20,613	210,722	123,594	182,118	305,712	516,434
Postage and delivery	1,618	26,888	5,349	877,260	911,115	1,205,296	315,242	1,520,538	2,431,653
Travel	56,777	350,072	50,621	31,133	488,603	170,716	280,920	451,636	940,239
Meetings and conferences	5,039	58,049	801,821	831	865,740	68,431	230,348	298,779	1,164,519
Office supplies	5,897	61,680	8,364	11,812	87,753	49,384	162,594	211,978	299,731
Communications	3,301	29,572	3,853	3,812	40,538	21,377	36,019	57,396	97,934
Advertising and media (cash)	—	—	35	165,620	165,655	71,424	735	72,159	237,814
Advertising and media (in-kind)	—	—	—	4,794,173	4,794,173	—	—	—	4,794,173
Repairs and maintenance	506	5,388	669	680	7,243	26,458	16,834	43,292	50,535
Insurance	2,540	523,570	3,387	3,387	532,884	28,323	75,572	103,895	636,779
Membership dues	180	183,015	360	—	183,555	53,073	13,337	66,410	249,965
Grants and scholarships	—	2,116,456	—	—	2,116,456	—	—	—	2,116,456
Miscellaneous	1,350	14,412	400	2,800	18,962	290,989	203,016	494,005	512,967
Depreciation and amortization	21,038	206,885	26,887	29,214	284,024	171,790	255,679	427,469	711,493
	\$ <u>434,443</u>	<u>58,319,132</u>	<u>1,411,420</u>	<u>8,028,503</u>	<u>68,193,498</u>	<u>8,642,191</u>	<u>7,968,944</u>	<u>16,611,135</u>	<u>84,804,633</u>

See accompanying notes to consolidated financial statements.

MAKE-A-WISH FOUNDATION® OF AMERICA

Notes to Consolidated Financial Statements

August 31, 2014

(1) Organization

Make A Wish Foundation® of America (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, 2014 the Foundation has 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 in the event of a Chapter dissolution. 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 year ended August 31, 2014, the combined Chapters’ financial results (excluding the Foundation, the financial results of which are presented in the accompanying financial statements) were as follows:

		2014 (dollars in millions)
Total Assets	\$	257.7
Total Liabilities	\$	82.7
Total Net Assets	\$	175.0
Total Revenues	\$	209.6
Total Expenses	\$	192.3

As of August 31, 2014, 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.

(2) Summary of Significant Accounting Policies

(a) 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).

(b) Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents at August 31, 2014 is \$1,498,182 of money market mutual funds.

MAKE-A-WISH FOUNDATION® OF AMERICA

Notes to Consolidated Financial Statements

August 31, 2014

(c) 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.

(d) 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 are written off when deemed uncollectible.

(e) Property and Equipment, Net

Property and equipment having a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 10 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease(s). 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.

(f) Fair Value Measurements

The Foundation has adopted accounting provisions which permit the fair value measurement of financial assets and financial liabilities and fair value measurement of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Those provisions defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Those provisions also established a framework for measuring fair value and expanded disclosures about fair value measurements.

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value

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based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

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

See additional information in note 3.

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

(g) 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.

(h) 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 contribution revenue. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same

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Notes to Consolidated Financial Statements

August 31, 2014

period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Foundation received in-kind contributions of assets and services that are included in the accompanying statements of activities as follows:

Contributions:	
Wish related	\$ 8,799,183
Professional services	166,108
Advertising and media	4,794,173
Investments	187,968
Other	<u>26,747</u>
Total	<u>\$ 13,974,179</u>

An internal special event is a fund raising 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.

Program or supporting services expenses were recorded at fair value totaling \$13,786,211 in 2014, with the difference recorded as other assets representing primarily contributed investments.

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

Wish related in-kind contributions consisted of the following:

Computer equipment, games and toys	\$ 842,818
Cruises	703,324
Lodging	659,832
Theme parks	274,386
Transportation	5,999,656
Other wish-related donations	<u>319,167</u>
Total	<u>\$ 8,799,183</u>

MAKE-A-WISH FOUNDATION® OF AMERICA

Notes to Consolidated Financial Statements

August 31, 2014

(i) ***Income Taxes***

The Foundation is a not-for-profit organization exempt from federal income and Arizona taxes under the provisions of Internal Revenue Code 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, 2014. The Foundation is no longer subject to U.S. federal income tax examinations by authorities for tax years before 2010.

(j) ***Functional Expenses***

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

Wish Granting

Activities performed by the Foundation that grant wishes to children with life-threatening medical conditions.

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, development and implementation of the wish programs of the Foundation, including but not limited to, the identification of wish candidates and the determination and delivery of the wish.

Public Information

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

MAKE-A-WISH FOUNDATION® OF AMERICA

Notes to Consolidated Financial Statements

August 31, 2014

Fund Raising

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

Fund raising	\$ 3,149,495
Public information	2,368,738
Management and general	<u>783,278</u>
Total	<u><u>\$ 6,301,511</u></u>

Management and General

All costs not identifiable with a single program or fund raising 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.

(k) Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, valuation of investments and contributions receivable, accrued pending wish costs, net of attrition on pending wish costs and whether an allowance for uncollectible contributions receivable is required. The current economic environment continues to create a high degree of uncertainty in those estimates and assumptions.

(3) Fair Value Measurements

(a) Fair Value of Financial Instruments

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

The fair values of the financial instruments shown in the following tables as of August 31, 2014 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement

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reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

Overall Investment Objective

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

Allocation of Investment Strategies

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

MAKE-A-WISH FOUNDATION® OF AMERICA

Notes to Consolidated Financial Statements

August 31, 2014

(b) Fair Value Hierarchy

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

Description	August 31, 2014	Fair value measurements at August 31, 2014 using			For investments recorded at net asset value		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Redemption or liquidation	Days' notice	Unfunded commitments
Assets:							
Recurring:							
Investments:							
Mutual funds:							
Domestic equity	\$ 2,500,352	2,500,352	—	—	Daily	None	None
International equity	3,166,145	3,166,145	—	—	Daily	None	None
Real estate	838,248	838,248	—	—	Daily	None	None
Equity securities:							
U.S. corporate equity securities	6,817,435	6,817,435	—	—	Daily	None	None
Debt securities:							
U.S. Treasury	3,111,019	3,111,019	—	—	Daily	None	None
U.S. agency	3,277,778	—	3,277,778	—	Daily	None	None
State treasury	605,777	—	605,777	—	Daily	None	None
Foreign governments	160,123	—	160,123	—	Daily	None	None
Corporate	3,878,861	—	3,878,861	—	Daily	None	None
Alternative Investments:							
Common Collective trust in futures	239,919	—	239,919	—	Daily	None	None
Common Collective trust in commodities	96,843	—	96,843	—	Daily	None	None
Common Collective trust in Equity Mutual funds	241,935	—	241,935	—	Daily	None	None
Hedge Funds	2,406,920	—	—	2,406,920	Quarterly	45 Days	None
Cash and Cash Equivalents	73,445	73,445	—	—	Daily	None	None
Total Investments	\$ 27,414,800	16,506,644	8,501,236	2,406,920			
Investments held for split-interest agreements							
Mutual funds:							
Domestic equity	\$ 241,506	241,506	—	—	Daily	None	None
International equity	95,000	95,000	—	—	Daily	None	None
Real estate	8,657	8,657	—	—	Daily	None	None
Bonds	160,303	160,303	—	—	Daily	None	None
Alternative Investments:							
Common Collective trust in futures	9,062	—	9,062	—	Daily	None	None
Common Collective trust in commodities	6,159	—	6,159	—	Daily	None	None
Common Collective trust in Equity Mutual funds	24,585	—	24,585	—	Daily	None	None
Cash and Cash Equivalents	8,087	8,087	—	—	Daily	None	None
Total Investments held for Split-Interest agreements	\$ 553,359	513,553	39,806	—			

MAKE-A-WISH FOUNDATION® OF AMERICA

Notes to Consolidated Financial Statements

August 31, 2014

Description	Fair value measurements at August 31, 2014 using				For investments recorded at net asset value		
	August 31, 2014	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Redemption or liquidation	Days' notice	Unfunded commitments
Assets (continued):							
Recurring:							
Investments held for long-term purposes							
Mutual funds:							
Domestic equity	\$ 2,273,564	2,273,564	—	—	Daily	None	None
International equity	1,958,183	1,958,183	—	—	Daily	None	None
Real estate	318,114	318,114	—	—	Daily	None	None
Bonds	2,512,868	2,512,868	—	—	Daily	None	None
U.S. Government securities	265,678	265,678	—	—	Daily	None	None
Equity securities:							
U.S. corporate equity securities	2,520,695	2,520,695	—	—	Daily	None	None
Alternative Investments:							
Common Collective trust in futures	111,064	—	111,064	—	Daily	None	None
Common Collective trust in commodities	48,422	—	48,422	—	Daily	None	None
Common Collective trust in long/short equity funds	99,278	—	99,278	—	Daily	None	None
Common Collective trust in Equity Mutual funds	392,537	—	392,537	—	Daily	None	None
Hedge Funds	443,967	—	—	443,967	Semi-annual	60 Days	None
Cash and Cash Equivalents	223,832	223,832	—	—	Daily	None	None
Total Investments held for long-term purposes	\$ 11,168,202	10,072,934	651,301	443,967			
Total Recurring Assets	\$ 39,136,361	27,093,130	9,192,342	2,850,887			

For the valuation of investments, investments held for split-interest agreements and investments held for long-term purposes at August 31, 2014, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

MAKE-A-WISH FOUNDATION® OF AMERICA

Notes to Consolidated Financial Statements

August 31, 2014

For the valuation of investments and investments held for long-term purposes at August 31, 2014, 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, 2014	Valuation technique	Unobservable input
Hedge Funds:			
Investments	\$ 2,406,920	Net Asset Value (NAV)	Percentage of ownership applied to fair market value as stated in audited financial statements.
Long-term Investments	<u>443,967</u>	Net Asset Value (NAV)	Percentage of ownership applied to fair market value as stated in audited financial statements.
Total	<u>\$ 2,850,887</u>		

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

	Fair value measurements using significant unobservable inputs (Level 3)
Beginning balance	\$ 2,676,545
Total gains or losses (realized/unrealized) included in changes in net assets	159,791
Purchases	<u>14,551</u>
Ending balance	<u>\$ 2,850,887</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>\$ 159,791</u>

MAKE-A-WISH FOUNDATION® OF AMERICA

Notes to Consolidated Financial Statements

August 31, 2014

Investment liquidity as of August 31, 2014 are aggregated below based on redemption or sale period :

	<u>Investment value</u>
Investment redemption or sale period:	
Daily	\$ 36,285,474
Quarterly	2,406,920
Semiannually	<u>443,967</u>
Total	\$ <u><u>39,136,361</u></u>

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

Interest and dividend income	\$ 701,490
Realized and unrealized gains, net	4,267,412
Less investment expenses	<u>(158,384)</u>
Investment income, net	\$ <u><u>4,810,518</u></u>

(4) Contributions Receivable

Contributions receivable include pledges that have been discounted at rates ranging from 2.60% to 4.60% at August 31, 2014. The following is a summary of the Foundation's contributions receivable at August 31, 2014:

Total amounts due in:	
One year	\$ 4,305,957
Two to five years	629,000
More than five years	<u>475,000</u>
Gross contributions receivable	5,409,957
Less allowance for doubtful accounts	—
Less discount to present value	<u>(262,044)</u>
Contributions receivable, net	\$ <u><u>5,147,913</u></u>

(5) Split-Interest Agreements

Charitable Gift Annuities

Donors have contributed assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the terms of such agreements, no trust exists, as the assets received are held by and the liability is an obligation of the Foundation. The Foundation records contribution revenue using the fair value of the assets less the present value of the payments expected to be made to the beneficiaries. The present value of payments to beneficiaries under these arrangements is calculated using present value techniques. The

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Notes to Consolidated Financial Statements

August 31, 2014

discount rates used for the year ended August 31, 2014 ranged from 1.20% to 6.20%. The charitable gift annuities account also includes assets from contributions and income totaling \$41,920 at August 31, 2014 for legally mandated reserves.

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

Liabilities to chapters who are designated as remainder beneficiaries under charitable gift annuities totaled \$211,641 at August 31, 2014 and are included in due to related entities in the accompanying statements of financial position.

(6) Transactions with Related Entities

Chapters pay annual dues to the Foundation, which were \$6,627,473 for the year ended August 31, 2014. The Foundation supports the Chapters by providing funding and other support for the granting of wishes.

The Foundation conducts national fundraising efforts for which funds are received and, as determined by the Foundation, are shared with the Chapters. Funds raised as a result of these efforts are reported in the statement of activities as contributions to the unrestricted fund. Once the benefiting Chapter is identified, the corresponding funds are reflected as payable to Chapters, and reported as distributions to related entities in the statement of functional expenses. Under this program, the Foundation provided the Chapters with contributions which were \$36,178,224 for the year ended August 31, 2014.

As part of the Foundation's Wishes Forever Campaign, donors may designate chapters to receive periodic distributions, if and when such distributions are approved by the Audit and Finance Committee of the Foundation. Distributions are limited to income earned on the underlying assets which are held in perpetuity by the Foundation. Under this program, the Foundation provided the Chapters with contributions which were \$197,950 for the year ended August 31, 2014.

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 statement of activities as in-kind contributions to the unrestricted fund and reported as distributions to related entities, or expenses of the Foundation, in the statement of functional expenses. Under this program, the Foundation provided the Chapters with contributions which were \$8,757,442 for the year ended August 31, 2014.

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 37 Chapters with contributions, totaling \$2,491,545 during the year ended August 31, 2014 which are reported in the statement of functional expenses as distributions to related entities.

As part of the Foundation's grant and scholarship programs, Chapters may apply for funds to supplement existing programs or to attend Foundation sponsored events. Under these programs, the Foundation provided 59 Chapters with contributions, totaling \$2,116,456 during the year ended August 31, 2014 which are reported in the statement of functional expenses as grants and scholarships.

MAKE-A-WISH FOUNDATION® OF AMERICA

Notes to Consolidated Financial Statements

August 31, 2014

As of August 31, 2014 the Foundation has amounts due from related entities of \$1,376,522 and amounts due to related entities of \$5,231,277.

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 yearend. 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 yearend or interests in Charitable Gift Annuities or Endowments for which Chapters are the beneficiary. During 2014, the Foundation received contributions, both cash and in kind, from employees and board members totaling \$162,885. As of August 31, 2014 amounts due from employees and board members totaled \$795,124 and are included in contributions receivable in the accompanying statements of financial position.

(7) Property and Equipment, Net

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

Land	\$	9,450
Buildings and building improvements		178,682
Computer equipment and software		2,243,195
Web site and Web site templates		1,011,771
Office furniture		680,150
Other equipment		393,329
Leasehold improvements		821,273
		<u>5,337,850</u>
Less accumulated depreciation and amortization		<u>(2,854,099)</u>
Property and equipment, net	\$	<u><u>2,483,751</u></u>

Depreciation and amortization expense totaled \$711,493 for the year ended August 31, 2014.

(8) Accrued Pending Wish Costs

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

1. Receiving a referral,
2. Obtaining the required medical eligibility form,
3. Contact with the wish family has occurred to determine the prospective wish,
4. Determination that the wish falls within the National Organization's wish granting policy, and

MAKE-A-WISH FOUNDATION® OF AMERICA

Notes to Consolidated Financial Statements

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5. The wish is expected to be granted within the next 12 months.

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, 2014, the Make-A-Wish Foundation® of the Texas Plains was inactive. As such the Foundation had no reportable pending wishes.

(9) Credit Agreement

The Foundation has a sponsored corporate travel card account program (the Card Program) with a financial institution. In the event of default by the sponsored account holder, the Foundation has the primary and continuing obligation of payment. Under the terms of the Card Program, the Foundation is required to hold unencumbered liquid assets having an aggregate market value of 110% of the average monthly spend under the card Program which are not subject to any lien, pledge, security interest or other arrangement with any creditor, to have its claim satisfied out of those assets prior to the general creditors of the Foundation. As of August 31, 2014 there were sponsored accounts with a total credit limit of \$9,705,000 issued under this credit agreement and \$2,660,000 outstanding on this credit agreement.

(10) Leases

The Foundation is obligated under various capital and 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 year ended August 31, 2014 totaled \$787,750. Total sublease payments for the year ended August 31, 2014 totaled \$74,721.

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

	<u>Operating leases</u>	<u>Operating subleases</u>	<u>Operating leases, net</u>
Year ending August 31:			
2015	\$ 749,145	(87,486)	661,659
2016	755,468	(89,311)	666,157
2017	766,965	(91,136)	675,829
2018	727,019	(92,961)	634,058
2019	740,836	(94,786)	646,050
Thereafter	<u>124,643</u>	<u>(16,124)</u>	<u>108,519</u>
Total minimum lease payments	\$ <u><u>3,864,076</u></u>	<u><u>(471,804)</u></u>	<u><u>3,392,272</u></u>

(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

MAKE-A-WISH FOUNDATION® OF AMERICA

Notes to Consolidated Financial Statements

August 31, 2014

donor-restricted endowment funds and board-designated endowment funds. The state of Arizona enacted UPMFA in 2008.

The Foundation's endowment consists of a general endowment fund and a group of funds established for the purpose of granting children's wishes, which together total approximately 39 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 statement of financial position.

(a) Interpretation of Relevant Law

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

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

MAKE-A-WISH FOUNDATION® OF AMERICA

Notes to Consolidated Financial Statements

August 31, 2014

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

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	1,995,980	8,596,876	10,592,856
Total funds	\$ —	1,995,980	8,596,876	10,592,856

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

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ —	901,119	9,021,186	9,922,305
Investment return:				
Investment income, net	—	35,038	—	35,038
Appreciation, net (realized and unrealized)	—	1,257,773	—	1,257,773
Total investment return	—	1,292,811	—	1,292,811
Contributions	—	—	73,919	73,919
Appropriation of endowment assets for expenditure	—	(197,950)	—	(197,950)
Other changes:				
Write-off of uncollectible endowment pledges	—	—	(498,229)	(498,229)
Endowment net assets, end of year	\$ —	1,995,980	8,596,876	10,592,856

MAKE-A-WISH FOUNDATION® OF AMERICA

Notes to Consolidated Financial Statements

August 31, 2014

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

Permanently restricted net assets:

(1) The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	\$ 8,596,876
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Temporarily restricted net assets:

(2) The portion of perpetual endowment funds subject to a time restriction under UPMIFA: Without purpose restrictions	\$ 1,995,980
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(b) Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets were \$0 as of August 31, 2014. Generally, these deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the board of directors.

(c) Return Objectives and Risk Parameters

The 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 this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount.

(d) Strategies Employed for Achieving Objectives

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

(e) Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year between 3% and 5% of its endowment 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

MAKE-A-WISH FOUNDATION® OF AMERICA

Notes to Consolidated Financial Statements

August 31, 2014

‘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.

(12) Temporarily and Permanently Restricted Net Assets

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

Time restrictions	\$	643,645
Purpose restrictions		<u>6,610,811</u>
Total temporarily restricted net assets	\$	<u><u>7,254,456</u></u>

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

Investments in perpetuity, the income from which is expendable to support any approved activities of the Foundation	\$	<u><u>8,596,876</u></u>
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(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 3% of the employee’s salary and 50% of employee contributions over 3% up to a maximum of 5%. Foundation contributions to the Plan for the years ended August 31, 2014 were \$301,323.

(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

MAKE-A-WISH FOUNDATION® OF AMERICA

Notes to Consolidated Financial Statements

August 31, 2014

exceed the FDIC insurance coverage limit of \$250,000. From time to time throughout the year, the Foundation's cash balances may exceed the amount of the FDIC insurance coverage.

Contributions totaling \$10,407,600 were received from a single donor for the year ended August 31, 2014, which represents 16.8% of contributions, exclusive of In-kind contributions. Should these contribution levels decrease, the Foundation may be adversely affected.

(15) Litigation and Claims

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

(16) Subsequent Events

The Foundation has evaluated subsequent events from the statement of financial position date through January 16, 2015, the date at which the financial statements were available to be issued.

Supplemental Schedule 1

MAKE-A-WISH FOUNDATION® OF AMERICA

Statement of Financial Position - National Office Only

August 31, 2014

Assets

Cash and cash equivalents	\$ 5,515,537
Investments	27,414,800
Due from related entities	1,376,522
Prepaid expenses	630,922
Contributions receivable, net	5,147,913
Other assets	70,897
Split-interest agreements	553,359
Investments held for long-term purposes	11,168,202
Property and equipment, net	2,359,897
Total assets	<u>\$ 54,238,049</u>

Liabilities and Net Assets

Accounts payable and accrued expenses	\$ 2,984,208
Due to related entities	5,231,277
Other liabilities	1,088,963
Total liabilities	<u>9,304,448</u>
Net assets	
Unrestricted	29,082,269
Temporarily restricted	7,254,456
Permanently restricted	8,596,876
Total net assets	<u>44,933,601</u>
Total liabilities and net assets	<u>\$ 54,238,049</u>

See accompanying independent auditors' report.

MAKE-A-WISH FOUNDATION® OF AMERICA

Statement of Activities - National Office Only

Year ended August 31, 2014

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Public support:				
Contributions, net of write-offs	\$ 74,469,119	1,822,991	(424,310)	75,867,800
Grants	5,000	—	—	5,000
Total public support	<u>74,474,119</u>	<u>1,822,991</u>	<u>(424,310)</u>	<u>75,872,800</u>
Investment income, net	3,403,723	1,405,032	—	4,808,755
Chapter assessments	6,627,473	—	—	6,627,473
Other income	1,443,094	—	—	1,443,094
Net assets released from restrictions	1,807,417	(1,807,417)	—	—
Total revenues, gains, and other support	<u>87,755,826</u>	<u>1,420,606</u>	<u>(424,310)</u>	<u>88,752,122</u>
Expenses:				
Program services:				
Wish granting	434,443	—	—	434,443
Program-related support	58,319,132	—	—	58,319,132
Training and development	1,411,420	—	—	1,411,420
Public information	8,028,503	—	—	8,028,503
Total program services	<u>68,193,498</u>	<u>—</u>	<u>—</u>	<u>68,193,498</u>
Support services:				
Fund raising	8,642,191	—	—	8,642,191
Management and general	7,956,207	—	—	7,956,207
Total support services	<u>16,598,398</u>	<u>—</u>	<u>—</u>	<u>16,598,398</u>
Total program and support services expenses	<u>84,791,896</u>	<u>—</u>	<u>—</u>	<u>84,791,896</u>
Change in value of split-interest agreements	—	31,395	—	31,395
Total expenses and losses	<u>84,791,896</u>	<u>31,395</u>	<u>—</u>	<u>84,823,291</u>
Change in net assets	2,963,930	1,389,211	(424,310)	3,928,831
Net assets, beginning of the year	26,118,339	5,865,245	9,021,186	41,004,770
Net assets, end of the year	<u>\$ 29,082,269</u>	<u>7,254,456</u>	<u>8,596,876</u>	<u>44,933,601</u>

See accompanying independent auditors' report.

Supplemental Schedule 3

MAKE-A-WISH FOUNDATION® OF AMERICA

Statement of Cash Flows - National Office Only

Year ended August 31, 2014

Cash flows from operating activities:	
Change in net assets	\$ 3,928,831
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization	701,251
Contributions restricted for long-term investment	424,310
Net realized and unrealized gains on investments	(4,267,412)
Contributed stock	(187,968)
Change in value of split-interest agreements	(31,395)
Change in discount to present value of contributions receivable	(23,707)
Changes in assets and liabilities:	
Contributions receivable	299,439
Due from related entities	(442,499)
Prepaid expenses	(111,628)
Other assets	(319,248)
Accounts payable and accrued expenses	912,463
Due to related entities	(195,285)
Other liabilities	(216,037)
Net cash provided by operating activities	<u>471,115</u>
Cash flows from investing activities:	
Purchases of investments	(18,207,373)
Proceeds from sales of investments	19,469,479
Purchases of property and equipment	(917,900)
Net cash provided by investing activities	<u>344,206</u>
Cash flows from financing activities:	
Contributions restricted for long-term investment	(424,310)
Net cash used in financing activities	<u>(424,310)</u>
Net increase in cash and cash equivalents	391,011
Cash and cash equivalents, beginning of year	<u>5,124,526</u>
Cash and cash equivalents, end of year	<u>\$ 5,515,537</u>

See accompanying independent auditors' report.

MAKE-A-WISH FOUNDATION® OF AMERICA
Statement of Functional Expenses - National Office Only
Year ended August 31, 2014

	Program services				Support services			Total	
	Wish granting	Program-related support	Training and development	Public information	Total program services	Fund raising	Management and general		Total support services
Direct costs of wishes	\$ —	218,685	—	—	218,685	—	—	—	218,685
Distributions to related entities	—	47,625,161	—	—	47,625,161	—	—	—	47,625,161
Salaries, taxes, and benefits	315,274	4,157,840	436,418	421,530	5,331,062	2,897,107	4,818,443	7,715,550	13,046,612
Printing, subscriptions, and publications	238	14,752	24,611	1,322,157	1,361,758	1,920,556	476,059	2,396,615	3,758,373
Professional fees	5,257	2,572,554	28,117	343,481	2,949,409	1,543,673	899,853	2,443,526	5,392,935
Rent and utilities	15,428	154,153	20,528	20,613	210,722	123,594	182,118	305,712	516,434
Postage and delivery	1,618	26,888	5,349	877,260	911,115	1,205,296	315,242	1,520,538	2,431,653
Travel	56,777	350,072	50,621	31,133	488,603	170,716	280,920	451,636	940,239
Meetings and conferences	5,039	58,049	801,821	831	865,740	68,431	230,348	298,779	1,164,519
Office supplies	5,897	61,680	8,364	11,812	87,753	49,384	162,594	211,978	299,731
Communications	3,301	29,572	3,853	3,812	40,538	21,377	36,019	57,396	97,934
Advertising and media (cash)	—	—	35	165,620	165,655	71,424	735	72,159	237,814
Advertising and media (in-kind)	—	—	—	4,794,173	4,794,173	—	—	—	4,794,173
Repairs and maintenance	506	5,388	669	680	7,243	26,458	16,834	43,292	50,535
Insurance	2,540	523,570	3,387	3,387	532,884	28,323	75,572	103,895	636,779
Membership dues	180	183,015	360	—	183,555	53,073	13,337	66,410	249,965
Grants and scholarships	—	2,116,456	—	—	2,116,456	—	—	—	2,116,456
Miscellaneous	1,350	14,412	400	2,800	18,962	290,989	202,696	493,685	512,647
Depreciation and amortization	21,038	206,885	26,887	29,214	284,024	171,790	245,437	417,227	701,251
	<u>\$ 434,443</u>	<u>58,319,132</u>	<u>1,411,420</u>	<u>8,028,503</u>	<u>68,193,498</u>	<u>8,642,191</u>	<u>7,956,207</u>	<u>16,598,398</u>	<u>84,791,896</u>

See accompanying independent auditors' report.