MAKE-A-WISH FOUNDATION INTERNATIONAL

FINANCIAL STATEMENTS

EIGHT MONTHS ENDED AUGUST 31, 2015

MAKE-A-WISH FOUNDATION INTERNATIONAL
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CliftonLarsonAllen

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation International
Phoenix, Arizona

We have audited the accompanying financial statements of Make-A-Wish Foundation International (the Foundation), which comprise the statement of financial position as of August 31, 2015, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the eight months ended August 31, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation International as of August 31, 2015, and the changes in its net assets and its cash flows for the eight months ended August 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

Phoenix, Arizona
June 30, 2016

MAKE-A-WISH FOUNDATION INTERNATIONAL
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2015

ASSETS

Cash and Cash Equivalents	$	1,730,380
Investments		785,035
Receivables - Other		22,020
Contributions Receivable, Net		686,867
Due from Affiliates		259,319
Prepaid Expenses		78,817
Equipment, Net of Accumulated Depreciation		199,234
Total Assets	$	3,761,672

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts Payable and Accrued Expenses	$	305,893
Due to Affiliates		593,778
Deferred Affiliate Member Dues		283,485
Deferred Rent Liability		30,450
Total Liabilities		1,213,606
NET ASSETS		
Unrestricted		1,554,928
Board Designated		212,614
Total Unrestricted		1,767,542
Temporarily Restricted		780,524
Total Net Assets		2,548,066
Total Liabilities and Net Assets	$	3,761,672

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION INTERNATIONAL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
EIGHT MONTHS ENDED AUGUST 31, 2015

	Unrestricted	Temporarily Restricted	Totals
SUPPORT AND REVENUE			
Contributions and Grants	$ 3,263,694	$ 619,977	$ 3,883,671
Affiliate Member Dues	566,970	-	566,970
Investment Loss	(11,545)	-	(11,545)
Net Assets Released from Restriction	391,831	(391,831)	-
Total Support and Revenue	4,210,950	228,146	4,439,096
EXPENSES			
Program Services	3,541,445	-	3,541,445
Supporting Services:			
Management and General	474,591	-	474,591
Fundraising	368,098	-	368,098
Total Expenses	4,384,134	-	4,384,134
CHANGE IN OPERATING NET ASSETS	(173,184)	228,146	54,962
LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT	(2,468)	-	(2,468)
CHANGE IN NET ASSETS	(175,652)	228,146	52,494
Net Assets - Beginning of Year	1,943,194	552,378	2,495,572
NET ASSETS - END OF YEAR	$ 1,767,542	$ 780,524	$ 2,548,066

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
EIGHT MONTHS ENDED AUGUST 31, 2015

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
EXPENSES				
Salaries	$ 529,617	$ 242,105	$ 166,245	$ 937,967
Employee Benefits and Related Payroll Expenses	153,751	63,336	36,242	253,329
Total Personnel Costs	683,368	305,441	202,487	1,191,296
Bad Debt Expense	-	52,667	-	52,667
Dues and Subscriptions	9,253	2,334	12,001	23,588
Insurance - General	4,090	1,785	1,562	7,437
Miscellaneous	7,378	3,220	2,817	13,415
Postage and Delivery	466	162	726	1,354
Printing and Duplication	935	124	2,789	3,848
Professional Fees	70,453	48,276	53,530	172,259
Programs	1,728,980	-	-	1,728,980
Public Awareness	733,333	-	-	733,333
Rent	28,371	12,380	10,833	51,584
Supplies	4,453	1,943	3,541	9,937
Telephone	16,845	2,483	5,702	25,030
Training	177,880	456	4,767	183,103
Travel	55,995	34,747	59,842	150,584
Total Expenses Before Depreciation	3,521,800	466,018	360,597	4,348,415
Depreciation	19,645	8,573	7,501	35,719
Total Functional Expenses	$ 3,541,445	$ 474,591	$ 368,098	$ 4,384,134

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION INTERNATIONAL
STATEMENT OF CASH FLOWS
EIGHT MONTHS ENDED AUGUST 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 52,494
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Change in Allowance for Doubtful Accounts	(29,291)
Change in Contributions Receivable Discount	(940)
Depreciation	35,719
Realized Gain on Investments	(4,432)
Loss on Disposal of Property	2,468
Unrealized Losses on Investments	33,145
Increase (Decrease) in Cash Resulting from Changes in:	
Receivables - Other	(15,406)
Contributions Receivable	(147,914)
Due from Affiliates	(107,645)
Prepaid Expenses	(60,824)
Accounts Payable and Accrued Expenses	73,456
Due to Affiliates	136,383
Deferred Affiliate Member Dues	283,485
Deferred Rent Liability	(14,735)
Net Cash Provided by Operating Activities	235,963
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(141,321)
Proceeds on Sale of Investments	120,880
Purchases of Equipment	(191,937)
Net Cash Used by Investing Activities	(212,378)
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,585
Cash and Cash Equivalents - Beginning of Year	1,706,795
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,730,380

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Make-A-Wish Foundation International (Foundation) is a not-for-profit organization with 39 chartered international affiliates. The Foundation is organized and operated exclusively for the charitable purpose of increasing the opportunity of children of the world, with a life-threatening medical condition, to realize their wishes. During 2015, the Organization changed their year end from December 31 to August 31.

Reporting Entity

The accompanying financial statements include only the accounts and transactions of the Foundation. The international affiliates are separate entities with separate boards of directors and as such are responsible for, and maintain custody of, and generate their own financial resources. Accordingly, the accounts and transactions of the international affiliates are not included in these financial statements.

Basis of Presentation

The accompanying financial statements are presented in accordance with American Institute of Certified Public Accountants (AICPA) Not-for-Profit Industry Guidance within the Financial Accounting Standards Board (FASB) Codification (Guidance). Under the Guidance, the Foundation is required to report information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

Unrestricted Net Assets

Unrestricted net assets are not subject to donor imposed stipulations and are those currently available at the discretion of the Board of Directors for use in the Foundation’s operations, in accordance with its bylaws.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those which are subject to donor-imposed stipulations that may or will be met by the actions of the Foundation and/or the passage of time.

Permanently Restricted Net Assets

Permanently restricted net assets are subject to donor imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the institution to use all or part of the income earned on related investments for general or specific purposes.

Board Designated Net Assets

Board designated nets assets are unrestricted funds which have been designated by the Board to be used for the wish fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Cash and Cash Equivalents

The Foundation considers all highly liquid assets with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents may include cash on hand or held by financial institutions.

Investments

Investments are recorded at fair value. Investment income includes interest, dividends, and if applicable, realized and unrealized gains and losses.

Contributions Receivable

Unconditional promises to give (contributions receivable) are recognized as revenues in the period the promise is received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates at the time of the unconditional promise to give. Amortization of the discount is included in contribution support. Management provides for probable uncollectible amounts through a charge to operations and an increase to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction of the receivables.

Affiliate Member Dues

The Organization has 39 affiliates that pay annual affiliate member dues for the nonexclusive right and sublicense to use the trademarks and service marks for use in performance of the charitable purpose. Affiliate member dues are paid annually by each affiliate and are deferred and recognized over the period to which the dues relate.

Equipment and Related Depreciation

Purchased equipment is initially recorded at cost and donated property and equipment are recorded at the fair value at the date of gift to the Foundation. Maintenance and repairs are charged to operations when incurred. Betterments and renewals in excess of $500 are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved and any gain or loss is included in operations. Depreciation of equipment is computed on a straight-line basis over the estimated useful lives, generally three to seven years.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators were present at August 31, 2015.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished or a donor removes a restriction), temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restriction. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues in unrestricted net assets. The Foundation recorded $2,272,701 of cash contributions and grants during the eight months ended August 31, 2015. The Foundation received 46% of its contribution and grant support from two donors during the eight months ended August 31, 2015.

Donated Assets and Services

Donated marketable securities, equipment, and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation, if an objective basis is available to measure the value of such items. The Foundation pays for most services requiring specific expertise. However, if such services or assets are donated and the value is ascertainable, the fair value is reflected in the financial statements as revenue and expense. The Foundation recorded $877,637 of in-kind contributions for airline flights, hotel accommodations and toys during the eight months ended August 31, 2015. The Foundation also recorded $733,333 of in-kind contributions for public service announcements during the eight months ended August 31, 2015. The Foundation received 87% of its in-kind contributions from two donors during the eight months ended August 31, 2015.

Volunteers donate significant amounts of their time to the Foundation's mission; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Agent on Behalf of Affiliated Organizations

In certain cases, the Foundation may act as an agent for an affiliated organization. These agency transactions are treated as pass through funds and are carried as funds held as agent for affiliates until they are distributed.

Advertising

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

Expenses are directly allocated to the various programs and support services when possible and indirectly allocated based on staff time spent in that area and the best estimates of management.

Income Taxes

The Foundation is a not-for-profit charitable organization which qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for federal or state corporate income taxes has been made in the accompanying financial statements. The Foundation qualifies for the charitable contribution deduction under Section 170 of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a).

Management believes that the Organization has no uncertain tax positions as of August 31, 2015.

NOTE 2 INVESTMENTS

A summary of investments at August 31, 2015 follows:

	Cost	Market
Equities	$ 462,469	$ 524,945
Bonds	258,028	253,806
Money Market	6,284	6,284
Total	$ 726,781	$ 785,035

Investment income (losses), gains, and losses presented on the statement of activities and changes in net assets are comprised of the following components for the eight months ended August 31, 2015:

Realized Gains	$ 4,432
Unrealized Losses	(33,145)
Expenses	(3,285)
Interest and Dividend Income	20,453
Total	$ (11,545)

NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments

The Foundation’s investments are held in funds with Fidelity Investments. The fair value on these investments held by the Foundation is readily available and is based upon unadjusted quoted market prices. Equity securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of August 31, 2015:

	2015 Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Equities:				
U.S. Large Cap	$ 339,338	$ -	$ -	$ 339,338
U.S. Mid Cap/Small Cap	45,709	-	-	45,709
Actively Traded Alternatives	13,686	-	-	13,686
Non U.S. Equity	126,212	-	-	126,212
Total Equities	524,945	-	-	524,945
Bonds:				
U.S. Corporate Bonds	242,123	-	-	242,123
Non U.S. Corporate Bonds	11,683	-	-	11,683
Total Bonds	253,806	-	-	253,806
Cash and Cash Equivalents:				
Money Markets	-	-	-	6,284
Total Assets at Fair Value	$ 778,751	$ -	$ -	$ 785,035

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable at August 31, 2015 was $686,867 and are due within the next 12 months. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2015.

NOTE 5 EQUIPMENT

A summary of equipment at August 31, 2015, follows:

Office Furniture and Equipment	$ 259,696
Less Accumulated Depreciation	(60,462)
Net Equipment	$ 199,234

Depreciation expense was $35,719 for the eight months ended August 31, 2015.

NOTE 6 RELATED PARTY TRANSACTIONS

The Foundation receives membership dues from the international affiliates and sponsors conferences and events for which it incurs costs that are reimbursed by the participating affiliates. Amounts due from affiliates were $259,319 at August 31, 2015. At August 31, 2015, four affiliates accounted for 59% of the total due from affiliates. Included in the due from affiliates are notes receivable of approximately $56,000 at August 31, 2015. The notes bear no interest and are to be fully collected by December 2016. Affiliate dues collected during the eight months ended totaled $566,970 at August 31, 2015. Distributions to affiliates totaled $1,728,980 for the eight months ended August 31, 2015.

The Foundation accepts donations on behalf of the international affiliates and disburses these funds to affiliates on a monthly basis. These affiliate transactions are reported as funds held for affiliates until they are distributed. Additionally, the Foundation may hold certain funds for affiliate organizations at their request. Amounts due to affiliates were $593,778 at August 31, 2015.

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

Time Restrictions	$	686,867
Capacity Building Support		93,657
Total Temporarily Restricted Net Assets	$	780,524

Net assets of $391,831 were released from time restrictions due to collection of the contributions receivable and the satisfaction of donor restrictions during the eight months ended August 31, 2015.

NOTE 8 EMPLOYEE BENEFIT PLAN

In 2003, the Foundation adopted a SIMPLE-IRA plan which covers all employees from their hire date. The Foundation matches each employee's elective deferral on a dollar-for-dollar basis up to 3% of the employee's compensation or other defined limits. A matching contribution of $21,570 was made to the SIMPLE-IRA plan for the eight months ended August 31, 2015.

NOTE 9 OPERATING LEASES

The Foundation leases office space under a non-cancelable ten year operating lease with a termination option at five years beginning on November 1, 2009, which includes ten months of free rent. The Foundation is recording the rent on a straight-line basis over the term of the operating lease. The Foundation also has an operating lease for a copier, expiring December 31, 2016. Lease expense was approximately $52,000 for the eight months ended August 31, 2015. Future minimum lease payments under the operating leases are as follows:

Years Ending August 31,	Amount
2016	$ 64,017
2017	63,710
2018	65,095
2019	66,480
2020	11,311
Total	$ 270,613

NOTE 10 CONCENTRATION OF CREDIT RISK

The Foundation maintains all of its cash with high-credit quality financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. As of August 31, 2015, a portion of cash balances at financial institutions exceeded the balance insured by the FDIC.

NOTE 11 SUBSEQUENT EVENTS

Management evaluated subsequent events through June 30, 2016, the date the financial statements were available to be issued. Events or transactions occurring after August 31, 2015, but prior to June 30, 2016, that provided additional evidence about conditions that existed at August 31, 2015, have been recognized in the financial statements for the eight months ended August 31, 2015. Events or transactions that provided evidence about conditions that did not exist at August 31, 2015, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the eight months ended August 31, 2015.