MAKE-A-WISH FOUNDATION INTERNATIONAL

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

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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, 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year ended August 31, 2016, 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.

Board of Directors
Make-A-Wish Foundation International

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, 2016, and the changes in its net assets and its cash flows for the year ended August 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
April 7, 2017

MAKE-A-WISH FOUNDATION INTERNATIONAL
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2016

ASSETS		
Cash and Cash Equivalents	$	647,710
Investments		832,008
Receivables, Other		18,511
Contributions Receivable, Net		1,082,728
Due from Affiliates		992,347
Prepaid Expenses		83,012
Equipment, Net of Accumulated Depreciation		909,878
Total Assets	$	4,566,194
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$	178,340
Due to Affiliates		1,108,267
Deferred Affiliate Member Dues		511,489
Deferred Rent Liability		34,983
Total Liabilities		1,833,079
NET ASSETS		
Unrestricted		1,610,092
Temporarily Restricted		1,123,023
Total Net Assets		2,733,115
Total Liabilities and Net Assets	$	4,566,194

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION INTERNATIONAL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2016

	Unrestricted	Temporarily Restricted	Totals
SUPPORT AND REVENUE			
Contributions and Grants	$ 7,104,666	$ 981,508	$ 8,086,174
Affiliate Member Dues	1,306,465	-	1,306,465
Investment Income	46,885	-	46,885
Net Assets Released from Restriction	639,009	(639,009)	-
Total Support and Revenue	9,097,025	342,499	9,439,524
EXPENSES			
Program Services	8,005,976	-	8,005,976
Supporting Services:			
Management and General	631,118	-	631,118
Fundraising	617,381	-	617,381
Total Expenses	9,254,475	-	9,254,475
CHANGE IN NET ASSETS	(157,450)	342,499	185,049
Net Assets - Beginning of Year	1,767,542	780,524	2,548,066
NET ASSETS - END OF YEAR	$ 1,610,092	$ 1,123,023	$ 2,733,115

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2016

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
EXPENSES				
Salaries	$ 856,729	$ 396,185	$ 250,699	$ 1,503,613
Employee Benefits and Related Payroll Expenses	261,236	86,054	47,733	395,023
Total Personnel Costs	1,117,965	482,239	298,432	1,898,636
Dues and Subscriptions	121,304	9,598	18,879	149,781
Insurance - General	5,826	2,913	2,050	10,789
Miscellaneous	16,813	8,406	5,915	31,134
Postage and Delivery	988	314	7,252	8,554
Printing and Duplication	4,852	-	204	5,056
Professional Fees	64,370	27,915	133,688	225,973
Programs	4,106,872	-	-	4,106,872
Public Awareness	1,854,167	-	-	1,854,167
Rent	53,140	26,570	18,698	98,408
Supplies	13,924	3,193	12,527	29,644
Telephone	15,687	6,195	9,181	31,063
Training	477,447	3,887	10,940	492,274
Travel	80,479	23,817	74,231	178,527
Total Expenses Before Depreciation	7,933,834	595,047	591,997	9,120,878
Depreciation	72,142	36,071	25,384	133,597
Total Functional Expenses	$ 8,005,976	$ 631,118	$ 617,381	$ 9,254,475

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION INTERNATIONAL
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$	185,049
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation		133,597
Realized Gain on Investments		(13,708)
Unrealized Gains on Investments		(20,233)
Increase (Decrease) in Cash Resulting from Changes in:		
Receivables, Other		3,509
Contributions Receivable		(395,861)
Due from Affiliates		(733,028)
Prepaid Expenses		(4,195)
Accounts Payable and Accrued Expenses		(127,553)
Due to Affiliates		514,489
Deferred Affiliate Member Dues		228,004
Deferred Rent Liability		4,533
Net Cash Used by Operating Activities		(225,397)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments		(157,169)
Proceeds on Sale of Investments		144,137
Purchases of Equipment		(844,241)
Net Cash Used by Investing Activities		(857,273)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,082,670)
Cash and Cash Equivalents - Beginning of Year		1,730,380
CASH AND CASH EQUIVALENTS - END OF YEAR	$	647,710

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Make-A-Wish Foundation International (Foundation) is a nonprofit 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.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2016.

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 $4,894,281 of cash contributions and grants during the year ended August 31, 2016. The Foundation received 42% of its contribution and grant support from three donors during the year ended August 31, 2016.

Donated Assets and Services

Donated marketable securities, equipment, and other noncash 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 $1,365,183 of in-kind contributions for airline flights, hotel accommodations and toys during the year ended August 31, 2016. The Foundation also recorded $1,854,167 of in-kind contributions for public service announcements during the year ended August 31, 2016. The Foundation received 89% of its in-kind contributions from two donors during the year ended August 31, 2016.

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 nonprofit charitable organization which qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) 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 IRC and has been classified as an organization that is not a private foundation under Section 509(a).

Management believes that the Foundation has no uncertain tax positions as of August 31, 2016.

NOTE 2 INVESTMENTS

A summary of investments at August 31, 2016 follows:

	Cost	Market
Equities	$ 474,332	$ 547,289
Bonds	274,676	275,281
Money Market	9,438	9,438
Total	$ 758,446	$ 832,008

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 year ended August 31, 2016:

Realized Gains	$ 13,708
Unrealized Gains	20,233
Expenses	(1,654)
Interest and Dividend Income	14,598
Total	$ 46,885

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, 2016:

	2016 Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Equities:				
U.S. Large Cap	$ 350,681	$ -	$ -	$ 350,681
U.S. Mid Cap/Small Cap	45,935	-	-	45,935
Actively Traded Alternatives	19,627	-	-	19,627
Non U.S. Equity	131,046	-	-	131,046
Total Equities	547,289	-	-	547,289
Bonds:				
U.S. Corporate Bonds	263,597	-	-	263,597
Non U.S. Corporate Bonds	11,684	-	-	11,684
Total Bonds	275,281	-	-	275,281
Cash and Cash Equivalents:				
Money Markets	-	-	-	9,438
Total Assets at Fair Value	$ 822,570	$ -	$ -	$ 832,008

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable at August 31, 2016 was $1,082,728 and are due within the next 12 months. Management believes that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2016.

NOTE 5 EQUIPMENT

A summary of equipment at August 31, 2016, follows:

Office Furniture and Equipment	$ 105,838
Internal Use Software	998,098
Total	1,103,936
Less: Accumulated Depreciation	(194,058)
Net Equipment	$ 909,878

Depreciation expense was $133,597 for the year ended August 31, 2016.

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 $992,347 at August 31, 2016. At August 31, 2016, three affiliates accounted for 76% of the total due from affiliates. Included in the due from affiliates are notes receivable of approximately $12,000 at August 31, 2016. The notes bear no interest and are to be fully collected by August 2017. Affiliate dues collected during the year ended August 31, 2016 totaled $1,306,465 and distributions to affiliates totaled $4,106,872 for the year ended August 31, 2016.

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 $1,108,267 at August 31, 2016.

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

Time Restrictions	$	1,098,023
Capacity Building Support		25,000
Total Temporarily Restricted Net Assets	$	1,123,023

Net assets of $639,009 were released from time restrictions due to collection of the contributions receivable and the satisfaction of donor restrictions during the year ended August 31, 2016.

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 3-5% of the employee's compensation or other defined limits, based on length of employment. A matching contribution of $38,185 was made to the SIMPLE-IRA plan for the year ended August 31, 2016.

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 $98,400 for the year ended August 31, 2016. Future minimum lease payments under the operating leases are as follows:

Year Ending August 31,	Amount
2017	$ 64,274
2018	65,095
2019	66,480
2020	11,311
Total	$ 207,160

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, 2016, a portion of cash balances at financial institutions exceeded the balance insured by the FDIC.

NOTE 11 SUBSEQUENT EVENTS

Management evaluated subsequent events through April 7, 2017, the date the financial statements were available to be issued. Events or transactions occurring after August 31, 2016, but prior to April 7, 2017, that provided additional evidence about conditions that existed at August 31, 2016, have been recognized in the financial statements for the year ended August 31, 2016. Events or transactions that provided evidence about conditions that did not exist at August 31, 2016, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended August 31, 2016.