

**MAKE-A-WISH FOUNDATION® OF AMERICA
AND RELATED ENTITIES**

COMBINED FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2017 AND 2016

**MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
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INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of combined 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the combined 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 controls. 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 combined 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® of America

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of America and Related Entities as of August 31, 2017 and 2016, and change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
April 12, 2018

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
COMBINED STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2017 AND 2016

ASSETS	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents	\$ 63,859,969	\$ 59,983,213
Investments	144,691,453	147,587,501
Prepaid Expenses	3,888,100	3,085,432
Contributions Receivable, Net	45,004,313	38,769,237
In-Kind Rent Receivable, Net	612,258	-
Notes Receivable	423,534	1,038,064
Other Assets	3,678,622	2,483,936
Split-Interest Agreements	2,327,362	1,999,336
Restricted Cash	1,298,194	503,139
Property and Equipment, Net	43,168,480	31,045,667
Beneficial Interest in Assets Held by Others	1,206,823	1,009,275
Investments Held for Long-Term Purposes	68,682,322	47,942,546
Total Assets	<u>\$ 378,841,430</u>	<u>\$ 335,447,346</u>
LIABILITIES AND NET ASSETS		
Lines of Credit	\$ 741,999	\$ 482,079
Accounts Payable and Accrued Expenses	18,642,710	17,813,674
Accrued Pending Wish Costs, Cash	64,767,203	62,351,021
Accrued Pending Wish Costs, In-Kinds	50,650,951	45,017,016
Other Liabilities	4,344,859	3,573,507
Capital Lease Obligations	375,530	330,034
Notes Payable	15,615,327	655,184
Total Liabilities	<u>155,138,579</u>	<u>130,222,515</u>
Net Assets		
Unrestricted (Includes Board Designated of \$367,316 and \$256,323, Respectively)	128,167,528	123,008,230
Temporarily Restricted	55,449,038	44,715,285
Permanently Restricted	40,086,285	37,501,316
Total Net Assets	<u>223,702,851</u>	<u>205,224,831</u>
Total Liabilities and Net Assets	<u>\$ 378,841,430</u>	<u>\$ 335,447,346</u>

See accompanying Notes to Combined Financial Statements.

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2017
(With Summary Totals For Year Ended August 31, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
REVENUES, GAINS, AND OTHER SUPPORT					
Public Support:					
Contributions, Net of Write-Offs	\$ 242,178,444	\$ 25,482,242	\$ 2,918,643	\$ 270,579,329	\$ 257,410,922
Grants	14,631,032	1,234,944	8,800	15,874,776	14,543,529
Total Public Support	<u>256,809,476</u>	<u>26,717,186</u>	<u>2,927,443</u>	<u>286,454,105</u>	<u>271,954,451</u>
Internal Special Events	69,679,777	2,099,496	-	71,779,273	69,512,883
Less Costs of Direct Benefits to Donors	(19,263,515)	-	-	(19,263,515)	(17,813,446)
Total Special Events	<u>50,416,262</u>	<u>2,099,496</u>	<u>-</u>	<u>52,515,758</u>	<u>51,699,437</u>
Investment Income, Net	13,601,023	3,075,900	64,502	16,741,425	10,826,982
Other Income	4,850,833	97,514	-	4,948,347	2,726,827
Change in Value of Split-Interest Agreements	25,283	(59,045)	93,024	59,262	38,151
Net Assets Released from Restrictions	<u>27,935,354</u>	<u>(27,435,354)</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>353,638,231</u>	<u>4,495,697</u>	<u>2,584,969</u>	<u>360,718,897</u>	<u>337,245,848</u>
EXPENSES					
Program Services:					
Wish Granting	222,755,673	-	-	222,755,673	225,844,977
Chapter Support	11,442,839	-	-	11,442,839	9,962,183
Program-Related Support	5,430,203	-	-	5,430,203	4,870,756
Training and Development	3,379,296	-	-	3,379,296	3,614,851
Public Information	10,931,895	-	-	10,931,895	9,650,645
Total Program Services	<u>253,939,906</u>	<u>-</u>	<u>-</u>	<u>253,939,906</u>	<u>253,943,412</u>
Support Services:					
Fundraising	61,422,043	-	-	61,422,043	59,803,215
Management and General	32,609,141	-	-	32,609,141	31,170,031
Total Support Services	<u>94,031,184</u>	<u>-</u>	<u>-</u>	<u>94,031,184</u>	<u>90,973,246</u>
Total Program and Support Services Expense	<u>347,971,090</u>	<u>-</u>	<u>-</u>	<u>347,971,090</u>	<u>344,916,658</u>
Other (Gains) Losses	46,809	-	-	46,809	(380,061)
Total Expenses and Losses	<u>348,017,899</u>	<u>-</u>	<u>-</u>	<u>348,017,899</u>	<u>344,536,597</u>
Change in Net Assets from Operations	5,620,332	4,495,697	2,584,969	12,700,998	(7,290,749)
NONOPERATING ACTIVITIES					
Building Campaign Contributions, Net	-	6,238,056	-	6,238,056	5,429,817
Building Campaign Expenditures	(461,034)	-	-	(461,034)	(331,674)
Change in Net Assets from Nonoperating Activities	<u>(461,034)</u>	<u>6,238,056</u>	<u>-</u>	<u>5,777,022</u>	<u>5,098,143</u>
Change in Net Assets	5,159,298	10,733,753	2,584,969	18,478,020	(2,192,606)
NET ASSETS, BEGINNING OF YEAR	<u>123,008,230</u>	<u>44,715,285</u>	<u>37,501,316</u>	<u>205,224,831</u>	<u>207,417,437</u>
NET ASSETS, END OF YEAR	<u>\$ 128,167,528</u>	<u>\$ 55,449,038</u>	<u>\$ 40,086,285</u>	<u>\$ 223,702,851</u>	<u>\$ 205,224,831</u>

See accompanying Notes to Combined Financial Statements.

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 231,618,432	\$ 21,489,146	\$ 4,303,344	\$ 257,410,922
Grants	13,482,362	871,084	190,083	14,543,529
Total Public Support	<u>245,100,794</u>	<u>22,360,230</u>	<u>4,493,427</u>	<u>271,954,451</u>
Internal Special Events	67,605,275	1,907,608	-	69,512,883
Less Costs of Direct Benefits to Donors	(17,813,446)	-	-	(17,813,446)
Total Special Events	<u>49,791,829</u>	<u>1,907,608</u>	<u>-</u>	<u>51,699,437</u>
Investment Income, Net	8,835,988	1,938,360	52,634	10,826,982
Other Income	2,666,566	60,261	-	2,726,827
Change in Value of Split-Interest Agreements	7,628	(34,405)	64,928	38,151
Net Assets Released from Restrictions	<u>26,786,890</u>	<u>(26,786,890)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>333,189,695</u>	<u>(554,836)</u>	<u>4,610,989</u>	<u>337,245,848</u>
EXPENSES				
Program Services:				
Wish Granting	225,844,977	-	-	225,844,977
Chapter Support	9,962,183	-	-	9,962,183
Program-Related Support	4,870,756	-	-	4,870,756
Training and Development	3,614,851	-	-	3,614,851
Public Information	9,650,645	-	-	9,650,645
Total Program Services	<u>253,943,412</u>	<u>-</u>	<u>-</u>	<u>253,943,412</u>
Support Services:				
Fundraising	59,803,215	-	-	59,803,215
Management and General	31,170,031	-	-	31,170,031
Total Support Services	<u>90,973,246</u>	<u>-</u>	<u>-</u>	<u>90,973,246</u>
Total Program and Support Services Expense	344,916,658	-	-	344,916,658
Other (Gains) Losses	(380,061)	-	-	(380,061)
Total Expenses and Losses	<u>344,536,597</u>	<u>-</u>	<u>-</u>	<u>344,536,597</u>
Change in Net Assets from Operations	(11,346,902)	(554,836)	4,610,989	(7,290,749)
NONOPERATING ACTIVITIES				
Building Campaign Contributions, Net	-	5,429,817	-	5,429,817
Building Campaign Expenditures	(331,674)	-	-	(331,674)
Change in Net Assets from Nonoperating Activities	<u>(331,674)</u>	<u>5,429,817</u>	<u>-</u>	<u>5,098,143</u>
Change in Net Assets	(11,678,576)	4,874,981	4,610,989	(2,192,606)
NET ASSETS, BEGINNING OF YEAR	<u>134,686,806</u>	<u>39,840,304</u>	<u>32,890,327</u>	<u>207,417,437</u>
NET ASSETS, END OF YEAR	<u>\$ 123,008,230</u>	<u>\$ 44,715,285</u>	<u>\$ 37,501,316</u>	<u>\$ 205,224,831</u>

See accompanying Notes to Combined Financial Statements.

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 18,478,020	\$ (2,192,606)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities:		
Depreciation and Amortization	3,634,363	3,159,054
Bad Debt Expense and Other	604,823	419,958
Contributions Restricted for Long-Term Investment	(1,801,708)	(3,191,052)
Contributions Restricted for Investment in Property and Equipment	(6,860,000)	(6,450,000)
Net Realized and Unrealized (Gains) Losses on Investments	(12,425,830)	(6,326,365)
Losses (Gains) on Sale of Property and Equipment	46,809	(380,061)
Contributed Property and Equipment, and Inventory	(865,467)	(1,499,747)
Contributed In-kind Rent Receivable	(699,828)	-
Change in Value of Split-Interest Agreements	(59,262)	(38,151)
Change in Discount to Present Value of Contributions Receivable	1,095,555	882,264
Changes in Assets and Liabilities:		
Contributions Receivable	(2,179,384)	(1,229,528)
Prepaid Expenses	(802,668)	54,909
Other Assets	(727,957)	731,345
Accounts Payable and Accrued Expenses	829,036	838,612
Accrued Pending Wish Costs	8,050,117	15,510,761
Other Liabilities	771,352	145,461
Net Cash Provided by Operating Activities	7,087,971	434,854
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(57,808,932)	(54,432,857)
Proceeds from Sales of Investments	52,023,973	54,496,646
Purchases of Property and Equipment	(2,882,545)	(2,687,646)
Purchase of Beneficial Interest in Assets Held by Others	(110,000)	(83,808)
Distributions Received from Beneficial Interest in Assets Held by Others	10,749	10,566
Proceeds from Sale of Property and Equipment	-	600,949
Change in Restricted Cash	(795,055)	(219,971)
Collections on Notes Receivable	614,530	631,688
Net Cash Used in Investing Activities	(8,947,280)	(1,684,433)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Long-Term Investment	1,801,708	2,875,082
Contributions Restricted for Property and Equipment	1,191,500	315,970
Proceeds from Notes Payable	2,712,091	-
Principal Payments on Capital Lease Obligations	(39,297)	(120,987)
Principal Payments on Notes Payable	(189,857)	(21,210)
Net Proceeds (Payments on) from Line of Credit	259,920	(13,709)
Net Cash Provided by Financing Activities	5,736,065	3,035,146
Net Increase in Cash and Cash Equivalents	3,876,756	1,785,567
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	59,983,213	58,197,646
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 63,859,969	\$ 59,983,213
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 212,035	\$ 55,290
Donated Contributed Property and Equipment, and Inventory	\$ 865,467	\$ 1,499,747
Acquisition of Equipment Through a Capital Lease	\$ 122,938	\$ 188,165
Acquisition of Property and Equipment Through a Note Payable	\$ 12,437,909	\$ -

See accompanying Notes to Combined Financial Statements.

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2017

	Program Services					Support Services			Building Campaign Costs	Total	
	Wish Granting	Chapter Support	Program-Related Support	Training and Development	Public Information	Total Program Services	Fundraising	Management and General			Total Support Services
Direct Costs of Wishes	\$ 172,926,355	\$ -	\$ 2,850	\$ -	\$ -	\$ 172,929,205	\$ -	\$ -	\$ -	\$ -	\$ 172,929,205
Salaries, Taxes, and Benefits	34,735,777	6,004,635	4,015,474	2,042,456	1,955,640	48,753,982	30,494,633	22,422,096	52,916,729	-	101,670,711
Printing, Subscriptions, and Publications	609,658	18,920	39,811	41,923	1,545,053	2,255,365	3,909,070	636,159	4,545,229	3,949	6,804,543
Professional Fees	2,154,592	3,328,865	223,448	133,037	681,080	6,521,022	5,965,755	2,446,633	8,412,388	453,655	15,387,065
Rent and Utilities	3,575,301	263,740	499,576	125,447	128,302	4,592,366	2,424,579	2,243,706	4,668,285	-	9,260,651
Postage and Delivery	389,583	43,870	44,964	6,004	887,407	1,371,828	1,656,225	379,533	2,035,758	-	3,407,586
Travel	550,700	316,201	54,717	87,929	107,781	1,117,328	1,118,511	508,987	1,627,498	3,430	2,748,256
Meetings and Conferences	1,089,049	50,150	113,064	836,805	46,890	2,135,958	1,980,162	581,214	2,561,376	-	4,697,334
Office Supplies	1,066,784	91,328	79,743	11,162	16,471	1,265,488	494,320	417,806	912,126	-	2,177,614
Communications	738,579	18,686	103,954	11,061	25,564	897,844	496,819	320,411	817,230	-	1,715,074
Advertising and Media (Cash)	114,025	3,395	13,207	-	68,586	199,213	406,718	29,233	435,951	-	635,164
Advertising and Media (In-Kind)	1,688,674	-	-	-	5,377,455	7,066,129	8,113,617	11,003	8,124,620	-	15,190,749
Repairs and Maintenance	430,477	41,918	155,829	10,397	11,032	649,653	430,230	240,763	670,993	-	1,320,646
Insurance	25,143	661,741	31,022	553	569	719,028	33,909	104,931	138,840	-	857,868
Bad Debt Expense	48,842	12,292	860	1,294	1,294	64,582	295,202	245,039	540,241	-	604,823
Membership Dues	47,531	171,992	906	1,318	10,808	232,555	120,659	31,908	152,567	-	385,122
Volunteer Training	40,993	-	10,191	-	-	51,184	6,807	52	6,859	-	58,043
Miscellaneous	1,281,477	9,966	(17,159)	15,773	16,705	1,306,762	2,596,484	1,040,764	3,637,248	-	4,944,010
Depreciation and Amortization	1,242,133	405,140	57,746	54,137	51,258	1,810,414	875,046	948,903	1,823,949	-	3,634,363
Special Event Expenses	-	-	-	-	-	-	19,263,515	-	19,263,515	-	19,263,515
Investment Fees	-	-	-	-	-	-	-	953,557	953,557	-	953,557
Administrative Charges	-	-	-	-	-	-	-	108,315	108,315	-	108,315
	<u>222,755,673</u>	<u>11,442,839</u>	<u>5,430,203</u>	<u>3,379,296</u>	<u>10,931,895</u>	<u>253,939,906</u>	<u>80,682,261</u>	<u>33,671,013</u>	<u>114,353,274</u>	<u>461,034</u>	<u>368,754,214</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:											
Special Event Expenses	-	-	-	-	-	-	(19,263,515)	-	(19,263,515)	-	(19,263,515)
Investment Fees	-	-	-	-	-	-	-	(953,557)	(953,557)	-	(953,557)
Bad Debt Recovery	-	-	-	-	-	-	3,297	-	3,297	-	3,297
Administrative Charges	-	-	-	-	-	-	-	(108,315)	(108,315)	-	(108,315)
Less: Expenses Listed as Nonoperating on the Statement of Activities	-	-	-	-	-	-	-	-	-	(461,034)	(461,034)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 222,755,673</u>	<u>\$ 11,442,839</u>	<u>\$ 5,430,203</u>	<u>\$ 3,379,296</u>	<u>\$ 10,931,895</u>	<u>\$ 253,939,906</u>	<u>\$ 61,422,043</u>	<u>\$ 32,609,141</u>	<u>\$ 94,031,184</u>	<u>\$ -</u>	<u>\$ 347,971,090</u>

See accompanying Notes to Combined Financial Statements.

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2016

	Program Services					Support Services			Building Campaign Costs	Total	
	Wish Granting	Chapter Support	Program-Related Support	Training and Development	Public Information	Total Program Services	Fundraising	Management and General			Total Support Services
Direct Costs of Wishes	\$ 177,912,357	\$ -	\$ 17,900	\$ -	\$ -	\$ 177,930,257	\$ -	\$ -	\$ -	\$ -	\$ 177,930,257
Salaries, Taxes, and Benefits	34,079,384	5,715,798	3,518,118	1,595,044	1,672,378	46,580,722	27,778,091	21,063,311	48,841,402	-	95,422,124
Printing, Subscriptions, and Publications	712,640	23,064	40,301	29,586	1,456,512	2,262,103	4,082,661	596,119	4,678,780	-	6,940,883
Professional Fees	1,557,120	2,355,380	201,936	237,993	655,492	5,007,921	4,789,940	3,679,662	8,469,602	331,674	13,809,197
Rent and Utilities	3,432,040	202,532	442,322	129,276	123,886	4,330,056	2,260,365	1,410,846	3,671,211	-	8,001,267
Postage and Delivery	414,233	41,032	43,788	8,048	868,898	1,375,999	1,720,202	389,291	2,109,493	-	3,485,492
Travel	737,278	439,871	43,646	292,511	130,443	1,643,749	1,272,168	673,647	1,945,815	-	3,589,564
Meetings and Conferences	1,083,122	48,234	67,984	1,191,441	38,417	2,429,198	1,785,625	600,279	2,385,904	-	4,815,102
Office Supplies	1,067,303	77,430	56,884	27,888	28,573	1,258,078	588,841	379,049	967,890	-	2,225,968
Communications	632,680	37,722	56,852	19,971	23,806	771,031	457,015	280,196	737,211	-	1,508,242
Advertising and Media (Cash)	149,255	-	10,501	971	143,989	304,716	331,607	52,599	384,206	-	688,922
Advertising and Media (In-Kind)	1,282,555	-	-	-	4,420,638	5,703,193	11,043,797	9,520	11,053,317	-	16,756,510
Repairs and Maintenance	447,860	4,709	134,675	10,040	10,163	607,447	356,552	243,011	599,563	-	1,207,010
Insurance	53,496	610,434	25,373	5,254	4,948	699,505	54,761	119,130	173,891	-	873,396
Bad Debt Expense	-	-	135,780	-	-	135,780	162,280	79,937	242,217	-	377,997
Membership Dues	57,838	139,070	4,647	2,041	3,343	206,939	103,489	41,334	144,823	-	351,762
Volunteer Training	48,310	-	18,056	1,072	-	67,438	10,966	8,497	19,463	-	86,901
Miscellaneous	973,525	6,396	(9,307)	22,648	18,385	1,011,647	2,172,377	834,660	3,007,037	-	4,018,684
Depreciation and Amortization	1,203,981	260,511	61,300	41,067	50,774	1,617,633	832,478	708,943	1,541,421	-	3,159,054
Special Event Expenses	-	-	-	-	-	-	17,813,446	-	17,813,446	-	17,813,446
Investment Fees	-	-	-	-	-	-	-	867,610	867,610	-	867,610
	<u>225,844,977</u>	<u>9,962,183</u>	<u>4,870,756</u>	<u>3,614,851</u>	<u>9,650,645</u>	<u>253,943,412</u>	<u>77,616,661</u>	<u>32,037,641</u>	<u>109,654,302</u>	<u>331,674</u>	<u>363,929,388</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:											
Special Event Expenses	-	-	-	-	-	-	(17,813,446)	-	(17,813,446)	-	(17,813,446)
Investment Fees	-	-	-	-	-	-	-	(867,610)	(867,610)	-	(867,610)
Less: Expenses Listed as Nonoperating on the Statement of Activities	-	-	-	-	-	-	-	-	-	(331,674)	(331,674)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 225,844,977</u>	<u>\$ 9,962,183</u>	<u>\$ 4,870,756</u>	<u>\$ 3,614,851</u>	<u>\$ 9,650,645</u>	<u>\$ 253,943,412</u>	<u>\$ 59,803,215</u>	<u>\$ 31,170,031</u>	<u>\$ 90,973,246</u>	<u>\$ -</u>	<u>\$ 344,916,658</u>

See accompanying Notes to Combined Financial Statements.

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 1 ORGANIZATION

These combined financial statements include Make-A-Wish Foundation® of America (National Organization) and 62 chartered chapters (Chapters), operating in 50 states, the District of Columbia, Puerto Rico, and Guam (collectively, the Foundation). The mission of the Foundation 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 2½ 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 National Organization accomplishes its purpose by chartering chapters to grant such wishes and providing financial support, guidance and other assistance to the Chapters in performing the Foundation's purpose. The Chapters are obligated to comply with the National Organization's chapter agreement and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

Make-A-Wish Foundation® International (MAWFI) and the international affiliates of MAWFI are separate corporate entities and, as such, are responsible for and maintain control of their own financial resources and, as such, are not controlled by the Foundation. Accordingly, the accounts and records of MAWFI and other international affiliates of MAWFI are not included in these combined financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The combined financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to not-for-profit entities.

Basis of Combination

The accompanying combined financial statements include the combined accounts and transactions of the National Organization and Chapters. The Foundation has elected to present combined financial statements, including all Chapters and the National Organization. Each Chapter is a separate corporate entity with its own governing board and charter and, as such, is responsible for and maintains custody of, its own financial resources. All significant affiliate and interentity accounts and transactions have been eliminated.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents at August 31, 2017 and 2016 is \$1,398,318 and \$443,779 of certificates of deposit, respectively, with an initial term of less than three months and \$11,475,584 and \$14,157,720, respectively, of money market mutual funds.

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are recorded at fair value and consist of mutual funds, exchange traded funds, equity and debt securities, certificates of deposit with an original maturity of greater than three months, residential and corporate mortgage-backed securities, hedge funds, real estate and real estate investment trusts, commodities, limited partnerships, secured notes, money market funds, alternative investments, and cash balances. Investment income, including gains and losses on investments, is recorded as increases or decreases in unrestricted net assets unless its use is limited by donor-imposed restrictions or law. Certain investments are valued by using the net asset value (NAV) per share (or its equivalent), as a practical expedient. Investments held for long-term purposes have been segregated due to donor-imposed restrictions that limit their use to long-term purposes.

Contributions Receivable

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

Property and Equipment, Net

Property and equipment having a useful life of more than one year are capitalized at cost when purchased. The cost threshold for recording capital additions range from \$500 to \$5,000. 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 40 years. Leasehold improvements are amortized over the shorter of the estimated useful lives of the assets or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

Fair Value Measurements

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

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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

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

See Additional information in Note 3.

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

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

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

The Foundation's net assets and changes therein are classified and reported as follows:

- **Permanently restricted net assets** – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity and the income be used in accordance with donor stipulations.
- **Temporarily restricted net assets** – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.
- **Unrestricted net assets** – Net assets that are not subject to donor-imposed restrictions or law.

Revenue Recognition

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

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Foundation received in-kind contributions of assets, services and materials that are reported in the statements of activities as follows at:

	August 31, 2017			
	Programs	Fundraising	Management and General	Total
Wish Related	\$ 73,788,843	\$ -	\$ -	\$ 73,788,843
Professional Services	916,944	644,928	324,478	1,886,350
Rent	177,677	62,729	181,098	421,504
Advertising and Media	7,066,129	8,113,617	11,003	15,190,749
Other	735,391	611,472	139,900	1,486,763
	<u>\$ 82,684,984</u>	<u>\$ 9,432,746</u>	<u>\$ 656,479</u>	92,774,209
Special Events				5,829,866
In-Kind Receivable including Rent (Asset)				731,032
Investments (Asset)				711,188
Inventory (Asset)				464,176
Property and Equipment (Capitalized)				401,291
Total				<u>\$ 100,911,762</u>

	August 31, 2016			
	Programs	Fundraising	Management and General	Total
Wish Related	\$ 73,673,286	\$ -	\$ -	\$ 73,673,286
Professional Services	649,802	1,071,532	366,836	2,088,170
Rent	75,951	17,228	40,474	133,653
Advertising and Media	5,676,892	11,011,291	68,327	16,756,510
Other	987,360	718,411	144,855	1,850,626
	<u>\$ 81,063,291</u>	<u>\$ 12,818,462</u>	<u>\$ 620,492</u>	94,502,245
Special Events				5,433,996
Investments (Asset)				478,739
Inventory (Asset)				771,881
Property and Equipment (Capitalized)				727,866
Total				<u>\$ 101,914,727</u>

An internal special event is a fundraising event coordinated and staffed by Foundation personnel rather than a third-party support group or organization. It is designed to attract people for the purpose of raising mission awareness, for increasing funding from existing donors, and the cultivation of future donors. Internal special event in-kind amounts are donated items recorded at fair value that are used in facilitating the event. Examples of such donated items are generally food, beverage, facility costs, and auction items.

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Advertising and media are used to help the Foundation communicate its message or mission and includes fundraising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes. Donated advertising and media are reported as contribution revenue 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.

Income Taxes

The National Organization and each chapter is a not-for-profit organization exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3). The National Organization and each Chapter are exempt from state taxes in their respective state of incorporation or territory. The National Organization and each chapter file a separate Form 990 return. 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 combined financial statements taken as a whole.

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

Functional Expenses

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

Wish Granting

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

Chapter Support

Activities performed by the National Organization that promote Chapter development, monitor and 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.

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

Program-Related Support

Activities performed by the Foundation related to the wish program including the identification of wish candidates and the determination and delivery of each wish. Specific activities include, but are not limited to, the development of wish resources, handling of wish referrals, and administration of the wish program.

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 training, development and implementation of the wish programs of the Foundations, 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.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2017 and 2016, the Foundation incurred joint costs for activities that include fundraising appeals (primarily direct mail campaigns and newsletters), which have been allocated as follows:

	2017	2016
Wish Granting	\$ 1,155,376	\$ 42,886
Public Information	2,528,884	3,241,933
Fundraising	3,134,913	3,221,395
Management and General	766,902	742,010
Total	<u>\$ 7,586,075</u>	<u>\$ 7,248,224</u>

Management and General

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

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

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the various leases using the straight-line method. Unamortized deferred rent was \$1,512,692 and \$1,779,181 at August 31, 2017 and 2016, respectively, and is included in other liabilities on the statements of financial position.

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, in-kinds, accrued pending wish costs, net of attrition on pending wish costs, functional expense allocations, and whether an allowance for uncollectible contributions receivable is required.

Reclassifications

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

NOTE 3 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

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

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments

Overall Investment Objective

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Foundation diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the Boards' Audit and Finance committees, which oversee the Foundation's investment programs 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 AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy

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

	Fair Value Measurements at August 31, 2017 Using				
	(Level 1)	(Level 2)	(Level 3)	NAV	Total
Assets:					
Investments:					
Mutual Funds:					
Domestic Equity	\$ 48,801,588	\$ -	\$ -	\$ -	\$ 48,801,588
International Equity	21,751,275	-	-	-	21,751,275
Multiple Strategies	494,318	-	-	-	494,318
Global	238,939	-	-	-	238,939
Money Market Funds	2,318,262	-	-	-	2,318,262
Real Estate	1,949,806	-	-	-	1,949,806
Asset Allocation	1,008,376	-	-	-	1,008,376
Commodities	1,562,357	-	-	-	1,562,357
Bonds	34,760,694	-	-	-	34,760,694
U.S. Government Securities	314,613	-	-	-	314,613
Fixed Income	812,076	-	-	-	812,076
Exchange-Traded Funds:					
Domestic Equity	20,402,571	-	-	-	20,402,571
International Equity	5,354,061	-	-	-	5,354,061
Global	91,418	-	-	-	91,418
Real Estate	595,227	-	-	-	595,227
Commodities	51,853	-	-	-	51,853
Bonds	4,260,027	-	-	-	4,260,027
Equity Securities:					
U.S. Corporate Equity					
Securities	22,707,516	-	-	-	22,707,516
Foreign Equity Securities	1,317,964	-	-	-	1,317,964
Certificates of Deposit	-	-	-	-	6,623,144
Debt Securities:					
U.S. Treasury	5,124,984	1,453,277	-	-	6,578,261
U.S. Agency	-	2,071,759	-	-	2,071,759
Asset Backed	-	62,380	-	-	62,380
Government	316,509	1,311,987	-	-	1,628,496
State Treasury	-	382,701	-	-	382,701
Foreign Governments	5,260	-	-	-	5,260
Corporate	4,644,941	12,461,892	-	-	17,106,833
Hedge Funds	1,039,984	-	-	-	1,039,984
Real Estate Investment					
Trust	140,996	-	59,725	-	200,721

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

	Fair Value Measurements at August 31, 2017 Using				
	(Level 1)	(Level 2)	(Level 3)	NAV	Total
Alternative Investments:					
Common Collective Trust					
Invested In Futures	\$ -	\$ 1,222,008	\$ -	\$ -	\$ 1,222,008
Common Collective Trust					
Invested In Commodities	-	184,251	-	-	184,251
Common Collective Trust					
Invested in Multiple Strategies	-	977,825	-	-	977,825
Common Collective Trust					
In Equity Mutual Funds	207,610	233,667	-	-	441,277
Common Collective Trust					
Invested in Equity Securities	-	2,204,980	-	-	2,204,980
Common Collective Trust					
Invested in Long/Short					
Equity Funds	-	283,181	-	-	283,181
Limited Partnership	-	-	21,750	-	21,750
Hedge Funds	-	154,840	-	1,957,684	2,112,524
Private Equity Fund	-	-	166,823	-	166,823
Other Investments	-	-	25,003	-	25,003
Money Market Funds	21,243	-	-	-	21,243
Cash and Cash Equivalents	-	-	-	-	1,220,430
Total Investments and					
Investments Held for					
Long-Term Purposes	180,294,468	23,004,748	273,301	1,957,684	213,373,775
Investments Held for					
Split-Interest Agreements					
Mutual Funds:					
Domestic Equity	462,406	-	-	-	462,406
International Equity	158,910	-	-	-	158,910
Bonds	249,296	-	-	-	249,296
Common Collective Trust					
In Equity Mutual Funds	-	102,590	-	-	102,590
Cash and Cash Equivalents	-	-	-	-	13,258
Investments Held for					
Split Interest Agreements	870,612	102,590	-	-	986,460
Beneficial Interest in Trusts	-	-	1,239,825	-	1,239,825
Irrevocable Charitable					
Remainder Trusts	-	-	101,077	-	101,077
Total Investments Held for					
Split Interest Agreements	870,612	102,590	1,340,902	-	2,327,362
Beneficial Interest In					
Assets Held by Others	-	-	1,206,823	-	1,206,823
Total	\$ 181,165,080	\$ 23,107,338	\$ 2,821,026	\$ 1,957,684	\$ 216,907,960

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

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

	Fair Value Measurements at August 31, 2016 Using				
	(Level 1)	(Level 2)	(Level 3)	NAV	Total
Assets:					
Investments:					
Mutual Funds:					
Domestic Equity	\$ 47,854,744	\$ -	\$ -	\$ -	\$ 47,854,744
International Equity	19,454,613	-	-	-	19,454,613
Multiple Strategies	1,205,385	-	-	-	1,205,385
Global	367,969	-	-	-	367,969
Money Market Funds	139,805	-	-	-	139,805
Real Estate	1,758,288	-	-	-	1,758,288
Asset Allocation	1,411,614	-	-	-	1,411,614
Commodities	1,781,972	-	-	-	1,781,972
Bonds	32,391,629	-	-	-	32,391,629
U.S. Government Securities	317,029	-	-	-	317,029
Fixed Income	759,762	-	-	-	759,762
Exchange-Traded Funds:					
Domestic Equity	12,009,026	-	-	-	12,009,026
International Equity	3,480,449	-	-	-	3,480,449
Global	680,222	-	-	-	680,222
Real Estate	676,409	-	-	-	676,409
Asset Allocation	5,419	-	-	-	5,419
Commodities	109,291	-	-	-	109,291
Bonds	2,569,505	175,909	-	-	2,745,414
Equity Securities:					
U.S. Corporate Equity					
Securities	20,790,146	6,147,419	-	-	26,937,565
Foreign Equity Securities	1,859,948	-	-	-	1,859,948
Certificates of Deposit	-	-	-	-	5,914,436
Debt Securities:					
U.S. Treasury	4,359,454	2,462,963	-	-	6,822,417
U.S. Agency	-	2,141,621	-	-	2,141,621
Asset Backed	-	326,657	-	-	326,657
Government	151,827	1,372,366	-	-	1,524,193
State Treasury	-	337,448	-	-	337,448
Foreign Governments	-	48,551	-	-	48,551
Corporate	3,772,354	7,076,586	-	-	10,848,940
Hedge Funds	892,918	-	-	-	892,918
Collateralized Debt					
Obligations	19,258	-	-	-	19,258
Real Estate Investment					
Trust	149,136	-	59,725	-	208,861

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

	Fair Value Measurements at August 31, 2016 Using				
	(Level 1)	(Level 2)	(Level 3)	NAV	Total
Alternative Investments:					
Common Collective Trust in Futures	\$ -	\$ 429,944	\$ -	\$ -	\$ 429,944
Common Collective Trust In Commodities	-	30,871	-	-	30,871
Common Collective Trust In Equity Mutual Funds	-	2,248,746	-	-	2,248,746
Common Collective Trust Invested in Equity Securities	-	1,654,149	-	-	1,654,149
Common Collective Trust Invested in Long/Short Equity Funds	-	288,957	-	-	288,957
Common Collective Trust Invested in Real Estate	-	-	21,750	-	21,750
Hedge Funds	-	74,711	-	1,835,299	1,910,010
Real Estate	13,444	-	-	-	13,444
Private Equity Fund	-	-	155,910	-	155,910
Money Market Funds	174,277	-	-	-	174,277
Cash and Cash Equivalents	-	-	-	-	3,570,136
Total Investments and Investments Held for Long-Term Purposes	159,155,893	24,816,898	237,385	1,835,299	195,530,047
Investments Held for Split-Interest Agreements					
Mutual Funds:					
Domestic Equity	321,836	-	-	-	321,836
International Equity	108,110	-	-	-	108,110
Bonds	212,039	-	-	-	212,039
Fixed Income	14,875	-	-	-	14,875
Alternative Investments:					
Common Collective Trust In Equity Mutual Funds	-	72,692	-	-	72,692
Investments Held for Split Interest Agreements	656,860	72,692	-	-	729,552
Beneficial Interest in Trusts Irrevocable Charitable Remainder Trusts	-	-	1,173,965	-	1,173,965
	-	-	95,819	-	95,819
Total Investments Held for Split Interest Agreements	656,860	72,692	1,269,784	-	1,999,336
Beneficial Interest In Assets Held by Others	-	-	1,009,275	-	1,009,275
Total	\$ 159,812,753	\$ 24,889,590	\$ 2,516,444	\$ 1,835,299	\$ 198,538,658

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

For the valuation of investments categorized as Level 1 at August 31, 2017 and 2016, the Foundation used unadjusted market prices for identical assets.

For the valuation of investments categorized as Level 2 at August 31, 2017 and 2016, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date.

For the valuation of investments categorized as Level 3 at August 31, 2017 and 2016, the Foundation used significant unobservable inputs such as percentage of ownership applied to fair market value as stated in audited financial statements, percentage of annual investment return applied to outstanding account, or present value of expected future amount to be received.

The following table presents a rollforward of activity for investments, measured at fair value using significant unobservable inputs (Level 3) for the years ended August 31, 2017 and 2016:

	2017	2016
Beginning Balance	\$ 237,385	\$ 1,601,980
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	16,413	19,230
Purchases	25,003	21,770
Sales	(5,500)	(1,405,595)
Ending Balance	\$ 273,301	\$ 237,385
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	\$ 16,413	\$ 19,230

The following table presents a roll-forward of activity for split-interest agreements, measured at fair value using significant unobservable inputs (Level 3) for the years ended August 31:

	2017	2016
Beginning Balance	\$ 1,269,784	\$ 1,237,940
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	74,059	39,356
Purchases	2,761	-
Sales	(5,702)	(7,512)
Ending Balance	\$ 1,340,902	\$ 1,269,784
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	\$ 74,059	\$ 39,356

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

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

	<u>2017</u>	<u>2016</u>
Interest and Dividend Income	\$ 5,269,152	\$ 5,368,227
Realized and Unrealized Gains, Net	12,425,830	6,326,365
Less Investment Expenses	(953,557)	(867,610)
Investment Income, Net	<u>\$ 16,741,425</u>	<u>\$ 10,826,982</u>

NOTE 4 CONTRIBUTIONS RECEIVABLE AND IN-KIND RENT RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from .25% to 5.0% at August 31, 2017 and 2016. The following is a summary of the Foundation's contributions receivable at August 31:

	<u>2017</u>	<u>2016</u>
Total Amounts Due in:		
One Year	\$ 29,041,858	\$ 28,038,804
Two to Five Years	13,895,582	7,395,735
More than Five Years	5,873,067	5,319,828
Gross Contributions Receivable	<u>48,810,507</u>	<u>40,754,367</u>
Less Allowance for Doubtful Accounts	(596,248)	(395,427)
Less Discount to Present Value	(2,597,688)	(1,589,703)
Contributions Receivable, Net	<u>\$ 45,616,571</u>	<u>\$ 38,769,237</u>

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
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NOTE 5 NOTES RECEIVABLE

Notes receivables on the combined statements of the financial position comprise the following:

	August 31,	
	2017	2016
Interest bearing unsecured note receivable due from a single donor; original amount of \$1,962,278; monthly payments of \$53,739 (including interest at 4%) as due through August 31, 2018. There was \$6,378 and \$91,109, respectively, of accrued interest receivable as of August 31, 2017 and 2016.	\$ 423,534	\$ 1,038,064
Total	\$ 423,534	\$ 1,038,064

NOTE 6 SPLIT-INTEREST AGREEMENTS

Split-interest agreements on the combined statements of the financial position comprise the following:

	August 31,	
	2017	2016
Beneficial Interest in Trusts	\$ 1,852,760	\$ 1,601,537
Charitable Remainder Trust	101,077	95,819
Charitable Gift Annuities	373,525	301,980
Total	\$ 2,327,362	\$ 1,999,336

Beneficial Interest in Trusts

The Foundation is the named beneficiary on various perpetual trusts, the corpus of which is not controlled by the management of the Foundation. Under these arrangements, the Foundation has the irrevocable right to receive all or a portion of the income earned on the underlying assets held in perpetuity. Accordingly, permanently restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation receives notice that the trust agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets have been recorded in the accompanying combined statements of activities as a component of the change in value of split-interest agreements or investment income.

Irrevocable Charitable Remainder Trusts

The Foundation is the named income beneficiary in irrevocable charitable remainder trusts held by third party trustees. At the date the remainder trusts were established, a beneficial interest in trust and temporarily restricted contribution revenue were recognized for the present value of the estimated future benefits to be received when the trust assets are distributed. The beneficial interest is adjusted during the term of the trust for changes in the value of assets.

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AUGUST 31, 2017 AND 2016

NOTE 6 SPLIT-INTEREST AGREEMENTS (CONTINUED)

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 discount rates used for the years ended August 31, 2017 and 2016 ranged from 1.20% to 6.20%. The charitable gift annuities account includes assets from contributions and income totaling \$41,611 and \$38,507 at August 31, 2017 and 2016, respectively, for legally mandated reserves.

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

NOTE 7 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Foundation has various beneficial interests in assets held by community foundations valued at \$1,206,823 and \$1,009,275 at August 31, 2017 and 2016, respectively, which consist of funds contributed by the Foundation or donors and includes earnings thereon, net of distributions received. Distributions of income earned from beneficial interests are received at various times throughout the year based on the spending policy adopted by the board of directors of each respective community foundation.

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

	<u>2017</u>	<u>2016</u>
Beginning Balance	\$ 1,009,275	\$ 904,731
Contributions	110,000	-
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	98,297	31,302
Purchases	-	83,808
Distributions	(10,749)	(10,566)
Ending Balance	<u>\$ 1,206,823</u>	<u>\$ 1,009,275</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>\$ 98,297</u>	<u>\$ 31,302</u>

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NOTE 8 TRANSACTIONS WITH RELATED ENTITIES

During 2017 and 2016, the Foundation received contributions, both cash and in-kind and pledges from board members totaling \$17,940,559 and \$18,353,620, respectively. In 2017 and 2016, amounts due from board members totaled \$5,364,445 and \$12,297,640, respectively, and are included in contributions receivable in the accompanying combined statements of financial position. Amounts paid to related parties for goods and services used in the Foundation's operations totaled \$687,605 and \$924,835 in 2017 and 2016, respectively. Amounts due to related parties as of August 31, 2017 and 2016 totaled \$119,308 and \$4,688, respectively, and are included in accounts payable in the accompanying combined statements of financial position.

NOTE 9 PROPERTY AND EQUIPMENT, NET

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

	2017	2016
Land	\$ 5,874,953	\$ 3,770,092
Buildings and Building Improvements	34,772,382	17,320,165
Computer Equipment and Software	9,150,436	14,273,520
Website and Website Templates	2,525,313	2,348,986
Office Furniture	5,055,493	4,806,108
Other Equipment	2,366,128	2,324,895
Leasehold Improvements	2,762,196	2,829,598
	<u>62,506,901</u>	<u>47,673,364</u>
Less Accumulated Depreciation and Amortization	(19,338,421)	(16,627,697)
Property and Equipment, Net	<u>\$ 43,168,480</u>	<u>\$ 31,045,667</u>

Depreciation and amortization expense totaled \$3,634,363 and \$3,159,054 for the years ended August 31, 2017 and 2016, respectively.

NOTE 10 ACCRUED PENDING WISH COSTS

The Foundation accrues the estimated costs of reportable pending wishes when five certain, measurable wish criteria are met. Prior to meeting these five criteria, the wish is not considered an obligation due to the inherent uncertainties surrounding these criteria and is therefore not accrued as a pending wish liability. This accrual does not represent a legally binding liability, but is considered a moral obligation to the child by the Foundation arising when the five criteria are met. 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,

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NOTE 10 ACCRUED PENDING WISH COSTS (CONTINUED)

4. Determination that the wish falls within the National Organization's wish granting policy, and
5. The wish is expected to be granted within the next 12 months.

As of August 31, 2017 and 2016, the Foundation had 11,908 and 11,393 reportable pending wishes, respectively.

Estimated cash and in-kind costs owed as of year-end for all reportable pending wishes are accrued as pending wish liability. The in-kind portion of the pending wish liability includes the estimated in-kind outlay that is expected to be incurred in fulfilling each wish even though the matching in-kind revenues are not recognized until the in-kind goods or services or an unconditional promise for those in-kind goods or services are received.

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 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.

NOTE 11 NOTES PAYABLE AND LINES OF CREDIT

The Foundation has unsecured lines of credit with several financial institutions totaling \$2,300,000, bearing interest of 2% to 4.5%, adjusted for the banks' Prime rate, and expiring on various dates through the next fiscal year. There were \$741,999 and \$482,079 of outstanding draws on these lines of credit as of August 31, 2017 and 2016, respectively.

The Foundation has four and three notes payable with financial institutions as of August 31, 2017 and 2016, respectively. The notes bear interest rates ranging from 0.72% to 8.00%, and mature on various dates through June 2022. The balances of these notes totaled \$15,615,327 and \$655,184 at August 31, 2017 and 2016, respectively.

The remaining principal payments on the notes payable subsequent to August 31, 2017 are as follows:

<u>Year Ending August 31,</u>	
2018	\$ 21,664
2019	22,599
2020	15,023,575
2019	24,594
2022	522,895
Total	<u>\$ 15,615,327</u>

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NOTE 12 CREDIT AGREEMENT

The National Organization has sponsored a corporate travel card account program (the Card Program) with a financial institution. In the event of default by the sponsored account holder, the National Organization has the primary and continuing obligation of payment. The total credit limit under this credit agreement is \$12,500,000, while \$4,876,915 and \$4,915,300, respectively, were outstanding on this credit agreement, as of August 31, 2017 and 2016, respectively. These amounts are included in accounts payable and accrued expenses on the combined statements of financial position.

NOTE 13 LEASES

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through June 30, 2030. As of August 31, 2017 and 2016, the cost of leased property and equipment under capital leases was \$552,677 and \$526,924, respectively, and accumulated depreciation was \$240,001 and \$201,663, respectively. Total rent expense for all operating leases, net of sublease payments of \$64,557, for both years ended August 31, 2017 and 2016 totaled \$7,368,686 and \$6,474,721, respectively.

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

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

<u>Year Ending August 31:</u>	<u>Operating Leases, Net</u>	<u>Capital Leases</u>
2018	\$ 6,672,767	\$ 142,591
2019	4,753,891	114,324
2020	4,039,124	89,307
2021	3,353,512	54,778
2022	2,593,251	28,179
2023 and Following	5,906,132	2,700
Total Minimum Lease Payments	<u>27,318,677</u>	<u>431,879</u>
Less Amounts Representing Interest	-	(56,349)
Present Value of Net Minimum Lease Payments	<u>\$ 27,318,677</u>	<u>\$ 375,530</u>

The Foundation leases office space in its headquarters building to unrelated parties under agreements that expire at various dates through May 31, 2022. Revenue from the leased space for the years ended August 31, 2017 and 2016 totaled \$910,532 and \$0-, respectively.

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NOTE 13 LEASES (CONTINUED)

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

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

NOTE 14 ENDOWMENTS

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

The Foundation's endowments consist of approximately 211 and 207 of individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of directors to function as endowments as of August 31, 2017 and 2016, respectively. 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 combined statements of financial position.

Interpretation of Relevant Law

The boards of directors of the National Organization and each Chapter have reviewed the applicable versions 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:

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NOTE 14 ENDOWMENTS (CONTINUED)

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

Endowment net asset composition by type of fund as of August 31, 2017 and 2016 are as follows:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ (7,945)	\$ 7,249,339	\$ 35,889,449	\$ 43,130,843
Board-Designated Endowment Funds	26,526,511	-	-	26,526,511
Total Funds	\$ 26,518,566	\$ 7,249,339	\$ 35,889,449	\$ 69,657,354

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ (53,809)	\$ 5,048,865	\$ 33,520,904	\$ 38,515,960
Board-Designated Endowment Funds	24,632,512	-	-	24,632,512
Total Funds	\$ 24,578,703	\$ 5,048,865	\$ 33,520,904	\$ 63,148,472

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

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Funds, Beginning of Year	\$ 24,578,703	\$ 5,048,865	\$ 33,520,904	\$ 63,148,472
Investment Return:				
Investment Income	522,732	896,581	630	1,419,943
Net Appreciation (Realized and Unrealized)	1,800,236	2,179,319	63,872	4,043,427
Total Investment Return	2,322,968	3,075,900	64,502	5,463,370
Contributions	415,340	5,146	2,802,092	3,222,578
Reclassification from/to Endowment Asset	(274,368)	(2,438)	(72,901)	(349,707)
Appropriation of Endowment				
Assets for Expenditure	(524,077)	(878,134)	-	(1,402,211)
Other Changes	-	-	(425,148)	(425,148)
Endowment Funds, End of Year	\$ 26,518,566	\$ 7,249,339	\$ 35,889,449	\$ 69,657,354

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NOTE 14 ENDOWMENTS (CONTINUED)

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Funds, Beginning of Year	\$ 23,184,287	\$ 3,901,332	\$ 31,072,941	\$ 58,158,560
Investment Return:				
Investment Income	704,410	732,837	654	1,437,901
Net Appreciation (Realized and Unrealized)	748,308	1,012,702	51,980	1,812,990
Total Investment Return	1,452,718	1,745,539	52,634	3,250,891
Contributions	376,792	-	2,395,329	2,772,121
Reclassification to Endowment Asset	(7,245)	113,698	-	106,453
Appropriation of Endowment Assets for Expenditure	(427,849)	(711,704)	-	(1,139,553)
Endowment Funds, End of Year	<u>\$ 24,578,703</u>	<u>\$ 5,048,865</u>	<u>\$ 33,520,904</u>	<u>\$ 63,148,472</u>

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

	August 31,	
	2017	2016
Permanently Restricted Net Assets:		
The Portion of Perpetual Endowment Funds that is Required to be Retained Permanently Either by Explicit Donor Stipulation or by UPMIFA	\$ 35,889,449	\$ 33,520,904
Endowment Pledges	1,190,384	1,943,431
	<u>\$ 37,079,833</u>	<u>\$ 35,464,335</u>
Temporarily Restricted Net Assets:		
(1) Term Endowment Funds	\$ -	\$ -
(2) The Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA:		
Without Purpose Restrictions	3,025,659	2,562,818
With Purpose Restrictions	4,223,680	2,486,047
Total Endowment Funds Classified as Temporarily Restricted Net Assets	<u>\$ 7,249,339</u>	<u>\$ 5,048,865</u>

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 \$7,945 and \$53,809 as of August 31, 2017 and 2016, respectively. Generally, these deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the board of directors.

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NOTE 14 ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year a portion of its endowment funds' average fair value over the prior three years through the calendar year-end proceeding the fiscal year in which the distribution is planned. However, if the market value of the funds, as defined in the various endowment policies, are less than the fund's threshold levels, the distribution may also be less than the targeted distribution, as defined in the various endowment policies. With respect to funds managed by the National Office under the Wishes Forever program, the Endowment Policy of the National Office 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 and targeted distributions. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowments 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.

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AUGUST 31, 2017 AND 2016

NOTE 15 BOARD DESIGNATED NET ASSETS

Board designated net assets are available for the following purposes for the years ended August 31:

	<u>2017</u>	<u>2016</u>
Building Reserves	\$ 259,241	\$ 256,323
Future Operations	108,075	-
	<u>\$ 367,316</u>	<u>\$ 256,323</u>

NOTE 16 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Wish Granting and Purpose Restrictions	\$ 12,246,240	\$ 9,622,763
Capital Campaigns	10,475,204	5,910,457
Endowment Assets	7,249,338	5,048,865
Time Restrictions	25,478,256	24,133,200
Total Temporarily Restricted Net Assets	<u>\$ 55,449,038</u>	<u>\$ 44,715,285</u>

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

	<u>2017</u>	<u>2016</u>
The Portion of Perpetual Endowment Funds That is Required to be Retained Permanently Either by Explicit Donor Stipulation or by UPMIFA	\$ 35,889,449	\$ 33,520,904
Other Investments in Perpetuity, the Income from which is Expendable to Support Any Activities of the Foundation	2,192,452	1,222,981
Other Investments in Perpetuity, the Income from which is Expendable for Costs Associated with Building/Land	814,000	814,000
Endowment Pledges	1,190,384	1,943,431
Total	<u>\$ 40,086,285</u>	<u>\$ 37,501,316</u>

MAKE-A-WISH FOUNDATION® OF AMERICA AND RELATED ENTITIES
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NOTE 17 RETIREMENT PLAN

The Foundation sponsors defined contribution retirement plans (the Plans). Employees are eligible for participation in the Plans after meeting specific criteria that generally include reaching 21 years of age and upon completion of one year of service. Under the provisions of the various Plans, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. Certain plans allow the Foundation to matches employee contributions up to 15% of the employee's salary while other plans allow only the employee to make contributions. Foundation contributions to the Plans for the years ended August 31, 2017 and 2016 were \$2,434,151 and \$2,283,401, respectively.

NOTE 18 CONCENTRATIONS OF CREDIT RISK

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

In-kind contributions totaling \$34,862,903 and \$31,941,197 were received from a single donor for the years ended August 31, 2017 and 2016, respectively, which represents 12% of total public support for both years. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 19 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, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's combined financial position, change in net assets, or liquidity.

NOTE 20 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from August 31, 2017 date through April 12, 2018, the date at which the combined financial statements were available to be issued.