

MAKE-A-WISH FOUNDATION[®] OF MISSOURI

Financial Statements

August 31, 2014

(With Independent Auditors' Report Thereon)

MAKE-A-WISH FOUNDATION® OF MISSOURI

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Independent Auditors' Report

Finance Committee
Make-A-Wish Foundation® of Missouri
Chesterfield, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Missouri (the Foundation), which comprise the statement of financial position as of August 31, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, 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.

Finance Committee
Make-A-Wish Foundation® of Missouri

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of Missouri as of August 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
December 11, 2014

MAKE-A-WISH FOUNDATION® OF MISSOURI

Statement of Financial Position

August 31, 2014

	Assets	2014
Cash and cash equivalents		\$ 663,047
Investments		1,580,846
Due from related entities		123,991
Prepaid expenses		78,613
Contributions receivable, net		151,541
Other assets		7,243
Property and equipment, net		250,560
Beneficial interest in assets held by others		<u>629,894</u>
	Total assets	\$ <u><u>3,485,735</u></u>
Liabilities and Net Assets		
Accounts payable and accrued expenses		\$ 184,675
Accrued pending wish costs		1,462,108
Other liabilities		111,705
Deferred revenue		<u>14,220</u>
	Total liabilities	<u>1,772,708</u>
Net assets		
Unrestricted		777,789
Temporarily restricted		305,344
Permanently restricted		<u>629,894</u>
	Total net assets	<u>1,713,027</u>
	Total liabilities and net assets	\$ <u><u>3,485,735</u></u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF MISSOURI

Statement of Activities

Year ended August 31, 2014

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Public support:				
Contributions	\$ 3,391,759	115,890		3,507,649
Grants	<u>113,618</u>			<u>113,618</u>
Total public support	<u>3,505,377</u>	<u>115,890</u>	—	<u>3,621,267</u>
Internal Special events	1,096,218	189,454		1,285,672
Less costs of direct benefits to donors	<u>(195,774)</u>			<u>(195,774)</u>
Total special events	900,444	189,454	—	1,089,898
Investment income, net	52,519			52,519
Other income	7,827			7,827
Change in value of assets held by others			47,094	47,094
Net assets released from restrictions	<u>317,055</u>	<u>(317,055)</u>		<u>—</u>
Total revenues, gains, and other support	<u>4,783,222</u>	<u>(11,711)</u>	<u>47,094</u>	<u>4,818,605</u>
Expenses:				
Program services:				
Wish granting	4,176,411			4,176,411
Program-related support	53,616			53,616
Training and development	8,475			8,475
Public information	<u>14,215</u>			<u>14,215</u>
Total program services	<u>4,252,717</u>	—	—	<u>4,252,717</u>
Support services:				
Fundraising	524,618			524,618
Management and general	<u>313,119</u>			<u>313,119</u>
Total support services	<u>837,737</u>	—	—	<u>837,737</u>
Total program and support services expenses	5,090,454	—	—	5,090,454
Change in net assets (deficit)	(307,232)	(11,711)	47,094	(271,849)
Net assets, beginning of the year	<u>1,085,021</u>	<u>317,055</u>	<u>582,800</u>	<u>1,984,876</u>
Net assets, end of the year	<u>\$ 777,789</u>	<u>305,344</u>	<u>629,894</u>	<u>1,713,027</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF MISSOURI

Statement of Cash Flows

Year ended August 31, 2014

	<u>2014</u>
Cash flows from operating activities:	
Change in net assets	\$ (271,849)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	21,247
Net realized and unrealized losses on investments	18,318
Contributed property and equipment, inventory, and stock	(33,067)
Change in value of assets held by others	(47,094)
Changes in assets and liabilities:	
Contributions receivable	141,040
Due from related entities	(33,223)
Prepaid expenses	(25,115)
Accounts payable and accrued expenses	47,500
Accrued pending wish costs	340,409
Due to related entities	(10,664)
Other liabilities	(4,980)
Net cash provided by operating activities	<u>142,522</u>
Cash flows from investing activities:	
Purchases of investments	(379,617)
Proceeds from sales of investments	286,421
Purchases of property and equipment	(15,000)
Contributions used for purchase of property and equipment	(15,471)
Net cash used in investing activities	<u>(123,667)</u>
Net increase in cash and cash equivalents	18,855
Cash and cash equivalents, beginning of year	<u>644,192</u>
Cash and cash equivalents, end of year	<u>\$ 663,047</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF MISSOURI

Statement of Functional Expenses

Year ended August 31, 2014

	Program services					Support services			Total
	Wish granting	Program-related support	Training and development	Public information	Total program services	Fundraising	Management and general	Total support services	
Direct costs of wishes	\$ 3,031,259				3,031,259			—	3,031,259
Salaries, taxes, and benefits	803,730			760	804,490	289,276	242,822	532,098	1,336,588
Printing, subscriptions, and publications	28,069	6,979	2,066	6,689	43,803	13,902	3,148	17,050	60,853
Professional fees	40,392				40,392	38,323	16,202	54,525	94,917
Rent and utilities (Occupancy)	38,466				38,466	15,940	10,512	26,452	64,918
Postage and delivery	7,555	631			8,186	5,224	1,942	7,166	15,352
Travel	18,725	11,268	3,163	4,386	37,542	38,982	3,515	42,497	80,039
Meetings and conferences	22,556	23,403	547	173	46,679	52,479	1,260	53,739	100,418
Office supplies	11,994	6,005	2,699	1,105	21,803	7,079	3,283	10,362	32,165
Communications/IT	41,927	1,549		484	43,960	16,632	10,518	27,150	71,110
Repairs and maintenance	6,718				6,718	2,741	2,047	4,788	11,506
Membership dues	194			595	789	325		325	1,114
Relocations	1,586				1,586	658	528	1,186	2,772
National partnership dues	102,920				102,920	15,634	11,719	27,353	130,273
Miscellaneous	7,708	3,781		23	11,512	21,979	2,432	24,411	35,923
Depreciation and amortization	12,612				12,612	5,444	3,191	8,635	21,247
	<u>\$ 4,176,411</u>	<u>53,616</u>	<u>8,475</u>	<u>14,215</u>	<u>4,252,717</u>	<u>524,618</u>	<u>313,119</u>	<u>837,737</u>	<u>5,090,454</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF MISSOURI

Notes to Financial Statements

August 31, 2014

(1) Organization

Make-A-Wish Foundation® of MISSOURI (the Foundation) is a Missouri not-for-profit corporation, organized for the purpose of granting wishes to children with life-threatening medical conditions. The Foundation is an independently operating chapter of Make-A-Wish Foundation of America (National Organization), which operates to develop and implement national programs in public relations and fund raising for the benefit of all local chapters. In addition, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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

(b) Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents at August 31, 2014 is \$89,622 of money market mutual funds.

(c) Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in unrestricted net assets unless its use is limited by donor-imposed restrictions or law.

(d) Contributions Receivable

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

(e) Property and Equipment, Net

Property and equipment having a useful life of more than one year and a cost in excess of \$500 are generally capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 10 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease. 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.

MAKE-A-WISH FOUNDATION® OF MISSOURI

Notes to Financial Statements

August 31, 2014

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

(f) *Fair Value Measurements*

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

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

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

See additional information in note 3.

(g) *Net Assets*

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

- **Permanently restricted net assets** – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for unrestricted purposes.
- **Temporarily restricted net assets** – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.
- **Unrestricted net assets** – Net assets that are not subject to donor-imposed restrictions or law.

MAKE-A-WISH FOUNDATION® OF MISSOURI

Notes to Financial Statements

August 31, 2014

(h) *Revenue Recognition*

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

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

Contributions:	
Wish related	\$ 1,122,185
Professional services	2,545
Conferences, meetings, and events	31,578
Investments	15,848
Property and equipment	19,079
Other	44,312
	<hr/>
Total	\$ 1,235,547
	<hr/> <hr/>
Special event revenue:	
Internal special events	\$ 44,954
	<hr/> <hr/>

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

Program or supporting services expenses were recorded at fair value totaling \$1,122,185 in 2014, with the difference recorded as other assets representing primarily auction items received and not yet used.

MAKE-A-WISH FOUNDATION® OF MISSOURI

Notes to Financial Statements

August 31, 2014

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

(i) ***Income Taxes***

The Foundation is a not-for-profit organization exempt from federal income and Missouri [taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 144.030.2(20) of the Revised Statutes of Missouri. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2014.

(j) ***Functional Expenses***

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

Wish Granting

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

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 include, but are not limited to, implementation of programs supporting the identification of wish candidates and the determination and delivery of the wish.

Public Information

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

MAKE-A-WISH FOUNDATION® OF MISSOURI

Notes to Financial Statements

August 31, 2014

Fundraising

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

Fundraising	\$	3,024
Management and general		1,881
Wish granting		<u>7,285</u>
Total	\$	<u><u>12,190</u></u>

Management and General

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

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

(k) Management Estimates

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

(3) Fair Value Measurements

(a) Fair Value of Financial Instruments

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

MAKE-A-WISH FOUNDATION® OF MISSOURI

Notes to Financial Statements

August 31, 2014

The fair values of the financial instruments shown in the following tables as of August 31, 2014 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

Overall Investment Objective

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

(b) 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 at August 31, 2014:

Description	August 31, 2014	Fair value measurements at August 31, 2014 using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Recurring:				
Investments:				
Certificates of deposit	984,402	984,402		
Debt securities:				
Corporate	596,444		596,444	
Beneficial interest in assets held by others	629,894			629,894
Total Recurring	<u>2,210,740</u>	<u>984,402</u>	<u>596,444</u>	<u>629,894</u>
Total	<u>2,210,740</u>	<u>984,402</u>	<u>596,444</u>	<u>629,894</u>

For the valuation of corporate debt securities at August 31, 2014, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

MAKE-A-WISH FOUNDATION® OF MISSOURI

Notes to Financial Statements

August 31, 2014

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

	Fair value measurements using significant unobservable inputs (Level 3)
Beginning balance	\$ 582,800
Total gains or losses (realized/unrealized) included in changes in net assets	<u>47,094</u>
Ending balance	\$ <u>629,894</u>
Change in unrealized gains or losses for the period included in the change in net assets relating to investments still held a end of reporting period.	\$ 47,094

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

Interest and dividend income	\$ 70,837
Realized and unrealized losses, net	<u>(18,318)</u>
Investment income, net	\$ <u>52,519</u>

(4) Contributions Receivable

The following is a summary of the Foundation's contributions receivable at August 31, 2014:

Total amounts due in:	
One year	\$ <u>151,781</u>
Gross contributions receivable	151,781
Less allowance for doubtful accounts	<u>(240)</u>
Contributions receivable, net	\$ <u>151,541</u>

(5) Split-Interest Agreements

(a) Beneficial Interest in Trusts

The Foundation is a named income beneficiary on a perpetual trust, 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.

MAKE-A-WISH FOUNDATION® OF MISSOURI

Notes to Financial Statements

August 31, 2014

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 statements of activities as a component of permanently restricted realized and unrealized gains and losses on investments.

The Foundation's beneficial interest in the trust is \$629,893 as of August 31, 2014. The Foundation used significant unobservable inputs including information from owner-to-owner transactions and the Foundation's own assumptions (Level 3).

(6) Transactions with Related Entities

The Foundation received the following distributions from the National Organization for the year ended August 31, 2014:

Corporate, online, whitemail and general contributions	\$	806,367
Grants		6,735
Scholarships		950
Wish fulfillment fund		<u>16,920</u>
Total distributions received	\$	<u><u>830,972</u></u>

These amounts are recorded in the Statement of Activities as public support revenue.

The Foundation paid to the National Organization the following amounts for the year ended August 31, 2014:

Partnership dues	\$	130,273
Other		<u>975</u>
Total amounts paid	\$	<u><u>131,248</u></u>

Chapters who assist with the organization and granting of wishes from other chapters are paid a "fee for service" called the wish assist fee. Under this program, the Foundation received \$4,500 for the year ended August 31, 2014, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

Balance at August 31:		
Due from National Organization	\$	121,517
Due from other chapters		<u>2,474</u>
Total due from related entities	\$	<u><u>123,991</u></u>
Due to National Organization	\$	13,617
Due to other chapters		<u>12,895</u>
Total due to related entities (included within accounts payable)	\$	<u><u>26,512</u></u>

MAKE-A-WISH FOUNDATION® OF MISSOURI

Notes to Financial Statements

August 31, 2014

Amounts due from the National Organization represent contributions remitted to the National Organization that are identified for the Foundation's use but were not yet transferred to the Foundation as of year-end. Amounts due from other chapters represent amounts paid in assisting other chapters with their wish granting. Amounts due to other chapters represent amounts owed to other chapters who have assisted in the granting of wishes for the Foundation.

During 2014 the Foundation received contributions, both cash and in-kind, from board members totaling \$37,171.

(7) Property and Equipment, Net

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

Land	\$ 84,000
Buildings and building improvements	173,200
Computer equipment and software	175,527
Office furniture	24,420
Other equipment	129,481
Leasehold improvements	5,606
	<hr/>
	592,234
Less accumulated depreciation and amortization	<hr/> (341,674) <hr/>
Property and equipment, net	\$ <u><u>250,560</u></u>

Depreciation and amortization expense totaled \$21,247 for the year ended August 31, 2014. Buildings are depreciated over 40 years, computer equipment, software, and related items over three years, office furniture over ten years other equipment over five years, and leasehold improvements over the shorter of seven years or the remaining lease term.

(8) Accrued Pending Wish Costs

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

1. Receiving a referral,
2. Obtaining the required medical eligibility form,
3. Contact with the wish family has occurred to determine the prospective wish,
4. Determination that the wish falls within the National Organization's wish granting policy, and
5. The wish is expected to be granted within the next 12 months.

MAKE-A-WISH FOUNDATION® OF MISSOURI

Notes to Financial Statements

August 31, 2014

The Foundation, as part of its estimate of accrued pending wish costs, also considers attrition on pending wish costs. An attrition rate is calculated by the Foundation by analyzing the trend of wishes that have been accrued for using the five criteria discussed above that have not been able to be completed within the past twelve months due to factors outside of the control of the chapter, such as the death of a child, the move of the family out of the chapter's territory, or loss of contact with the family. As of August 31, 2014, the Foundation had approximately 158 reportable pending wishes.

(9) Leases

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through May 31, 2015. Total rent expense for all operating leases for the year ended August 31, 2014 totaled \$53,627.

Future minimum lease payments under operating leases having remaining terms are as follows:

	<u>Operating Lease</u>
Year ending August 31:	
2015	\$ 54,005
Total minimum lease payments	<u>\$ 54,005</u>

(10) Temporarily and Permanently Restricted Net Assets

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

Time restrictions	\$ 189,454
Purpose restrictions	<u>115,890</u>
Total temporarily restricted net assets	<u>\$ 305,344</u>

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

Investments in perpetuity, the income from which is expendable to support any activities of the Foundation	\$ 629,894
	<u>\$ 629,894</u>

(11) Retirement Plan

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 3% of the employee's salary. Foundation contributions to the Plan for the year ended August 31, 2014 were \$22,078.

MAKE-A-WISH FOUNDATION® OF MISSOURI

Notes to Financial Statements

August 31, 2014

(12) 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 \$464,528 were received from a single donor for the year ended August 31, 2014, which represents 12.8% of total public support. Should these contribution levels decrease, the Foudnation may be adversely affected.

(13) Subsequent Events

The Foundation has evaluated subsequent events from the statement of financial position date through December 11, 2014, the date at which the financial statements were available to be issued.