

MAKE-A-WISH FOUNDATION® OF MISSOURI

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2015 AND 2014

**MAKE-A-WISH FOUNDATION® OF MISSOURI
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Missouri
Ballwin, Missouri

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Missouri, which comprise the statements of financial position as of August 31, 2015 and 2014, and the related statements of activities, cash flows, and functional expenses, for the years 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 controls 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 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 financial statements are free from material misstatement.

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

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

Board of Directors
Make-A-Wish Foundation® 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, 2015 and 2014, and change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
December 16, 2015

MAKE-A-WISH FOUNDATION® OF MISSOURI
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 658,089	\$ 663,047
Investments	1,802,845	1,580,846
Due from Related Entities	41,848	123,991
Prepaid Expenses	58,838	78,613
Contributions Receivable, Net	153,302	151,541
Other Assets	-	7,243
Property and Equipment, Net	101,239	250,560
Beneficial Interest in Assets Held by Others	567,541	629,894
Total Assets	\$ 3,383,702	\$ 3,485,735
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 330,436	\$ 294,831
Accrued Pending Wish Costs	1,439,421	1,462,108
Other Liabilities	16,589	15,769
Total Liabilities	1,786,446	1,772,708
NET ASSETS		
Unrestricted	801,394	777,789
Temporarily Restricted	228,321	305,344
Permanently Restricted	567,541	629,894
Total Net Assets	1,597,256	1,713,027
Total Liabilities and Net Assets	\$ 3,383,702	\$ 3,485,735

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 3,804,220	\$ 131,190	\$ -	\$ 3,935,410
Grants	50,100	-	-	50,100
Total Public Support	3,854,320	131,190	-	3,985,510
Internal Special Events	1,515,064	95,131	-	1,610,195
Less Costs of Direct Benefits to Donors	(206,527)	-	-	(206,527)
Total Special Events	1,308,537	95,131	-	1,403,668
Investment Income, Net	12,234	-	-	12,234
Other Income	21,033	-	-	21,033
Change in Value of Assets Held by Others	-	-	(62,353)	(62,353)
Net Assets Released from Restrictions	303,344	(303,344)	-	-
Total Revenues, Gains, and Other Support	5,499,468	(77,023)	(62,353)	5,360,092
EXPENSES				
Program Services:				
Wish Granting	4,348,677	-	-	4,348,677
Program-Related Support	16,986	-	-	16,986
Training and Development	16,690	-	-	16,690
Public Information	2,485	-	-	2,485
Total Program Services	4,384,838	-	-	4,384,838
Support Services:				
Fundraising	637,906	-	-	637,906
Management and General	453,119	-	-	453,119
Total Support Services	1,091,025	-	-	1,091,025
Total Program and Support Services Expense	5,475,863	-	-	5,475,863
Change in Net Assets	23,605	(77,023)	(62,353)	(115,771)
Net Assets - Beginning of Year	777,789	305,344	629,894	1,713,027
NET ASSETS - END OF YEAR	\$ 801,394	\$ 228,321	\$ 567,541	\$ 1,597,256

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 3,391,759	\$ 115,890	\$ -	\$ 3,507,649
Grants	113,618	-	-	113,618
Total Public Support	<u>3,505,377</u>	<u>115,890</u>	<u>-</u>	<u>3,621,267</u>
Internal Special Events	1,096,218	189,454	-	1,285,672
Less Costs of Direct Benefits to Donors	(195,774)	-	-	(195,774)
Total Special Events	<u>900,444</u>	<u>189,454</u>	<u>-</u>	<u>1,089,898</u>
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	317,055	(317,055)	-	-
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	14,215	-	-	14,215
Total Program Services	<u>4,252,717</u>	<u>-</u>	<u>-</u>	<u>4,252,717</u>
Support Services:				
Fundraising	524,618	-	-	524,618
Management and General	313,119	-	-	313,119
Total Support Services	<u>837,737</u>	<u>-</u>	<u>-</u>	<u>837,737</u>
Total Program and Support Services Expense	<u>5,090,454</u>	<u>-</u>	<u>-</u>	<u>5,090,454</u>
Change in Net Assets	(307,232)	(11,711)	47,094	(271,849)
Net Assets - Beginning of Year	<u>1,085,021</u>	<u>317,055</u>	<u>582,800</u>	<u>1,984,876</u>
NET ASSETS - END OF 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
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (115,771)	\$ (271,849)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	34,071	21,247
Net Realized and Unrealized Losses on Investments	46,121	18,318
Gain on Sale of Property and Equipment	(17,785)	-
Contributed Property and Equipment, Inventory and Investments	(70,273)	(33,067)
Change in Value of Assets Held by Others	62,353	(47,094)
Changes in Assets and Liabilities:		
Contributions Receivable	(1,761)	141,040
Due from Related Entities	82,143	(33,223)
Prepaid Expenses	19,775	(25,115)
Other Assets	7,243	-
Accounts Payable and Accrued Expenses	35,605	36,836
Accrued Pending Wish Costs	(22,687)	340,409
Other Liabilities	820	(4,980)
Net Cash Provided by Operating Activities	59,854	142,522
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(590,700)	(379,617)
Proceeds from Sales of Investments	325,000	286,421
Purchases of Property and Equipment	(17,137)	(15,000)
Proceeds from Sale of Property and Equipment	218,025	-
Contributions Restricted for Investment in Property and Equipment	-	(15,471)
Net Cash Used by Investing Activities	(64,812)	(123,667)
 Net Increase (Decrease) in Cash and Cash Equivalents	(4,958)	18,855
 Cash and Cash Equivalents - Beginning of Year	663,047	644,192
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 658,089	\$ 663,047

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MISSOURI
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2015

	Program Services				Support Services				
	Wish Granting	Program-Related Support	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	\$ 3,168,314	\$ -	\$ -	\$ -	\$ 3,168,314	\$ -	\$ -	\$ -	\$ 3,168,314
Salaries, Taxes, and Benefits	811,989	-	-	-	811,989	378,845	328,602	707,447	1,519,436
Printing, Subscriptions, and Publications	22,734	4,279	1,374	461	28,848	27,753	3,869	31,622	60,470
Professional Fees	53,305	-	-	-	53,305	36,641	45,940	82,581	135,886
Rent and Utilities	49,420	-	-	-	49,420	18,668	16,894	35,562	84,982
Postage and Delivery	6,203	143	97	54	6,497	3,899	1,989	5,888	12,385
Travel	9,008	1,584	5,226	1,546	17,364	32,629	6,117	38,746	56,110
Meetings and Conferences	31,745	6,352	8,455	291	46,843	43,219	5,720	48,939	95,782
Office Supplies	8,160	2,735	603	133	11,631	5,051	4,415	9,466	21,097
Communications	35,482	1,240	352	-	37,074	15,173	11,345	26,518	63,592
Advertising and Media (Cash)	-	-	-	-	-	12,000	-	12,000	12,000
Repairs and Maintenance	5,957	-	-	-	5,957	3,973	2,044	6,017	11,974
Membership Dues	175	-	70	-	245	1,253	619	1,872	2,117
National Partnership Dues	112,572	-	-	-	112,572	15,669	14,256	29,925	142,497
Miscellaneous	13,688	653	513	-	14,854	35,446	4,850	40,296	55,150
Depreciation and Amortization	19,925	-	-	-	19,925	7,687	6,459	14,146	34,071
	<u>\$ 4,348,677</u>	<u>\$ 16,986</u>	<u>\$ 16,690</u>	<u>\$ 2,485</u>	<u>\$ 4,384,838</u>	<u>\$ 637,906</u>	<u>\$ 453,119</u>	<u>\$ 1,091,025</u>	<u>\$ 5,475,863</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	\$ -	\$ (7)	\$ (7)	\$ 3,031,252
Salaries, Taxes, and Benefits	803,730	-	-	760	804,490	289,279	242,822	532,101	1,336,591
Printing, Subscriptions, and Publications	28,069	6,979	2,066	6,689	43,803	13,752	2,848	16,600	60,403
Professional Fees	40,392	-	-	-	40,392	38,324	16,202	54,526	94,918
Rent and Utilities	38,466	-	-	-	38,466	15,939	10,512	26,451	64,917
Postage and Delivery	7,555	631	-	-	8,186	5,224	1,943	7,167	15,353
Travel	18,725	11,268	3,163	4,386	37,542	38,981	3,516	42,497	80,039
Meetings and Conferences	22,556	23,403	547	173	46,679	52,479	1,259	53,738	100,417
Office Supplies	11,994	6,005	2,699	1,105	21,803	7,079	3,281	10,360	32,163
Communications	41,927	1,549	-	484	43,960	16,632	10,519	27,151	71,111
Advertising and Media (Cash)	-	-	-	-	-	150	300	450	450
Repairs and Maintenance	6,718	-	-	-	6,718	2,741	2,048	4,789	11,507
Membership Dues	194	-	-	595	789	325	-	325	1,114
National Partnership Dues	102,920	-	-	-	102,920	15,632	11,720	27,352	130,272
Miscellaneous	9,294	3,781	-	23	13,098	22,637	2,965	25,602	38,700
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, 2015 AND 2014

NOTE 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 fundraising 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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) applicable to not-for-profit entities.

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, 2015 and 2014 is \$150,962 and \$89,622, respectively, of money market mutual funds.

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.

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.

MAKE-A-WISH FOUNDATION® OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost greater than \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released 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 term 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.

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.

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).

MAKE-A-WISH FOUNDATION® OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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.

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.

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.

MAKE-A-WISH FOUNDATION® OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

	<u>2015</u>	<u>2014</u>
Contributions:		
Wish Related	\$ 1,566,595	\$ 1,122,185
Professional Services	22,116	2,545
Advertising and Media	32,227	31,578
Investments	-	15,848
Property and Equipment	105,363	19,079
Other	4,613	44,312
Total	<u>\$ 1,730,914</u>	<u>\$ 1,235,547</u>
Special Event Revenue:		
Internal Special Events	<u>\$ 65,107</u>	<u>\$ 44,954</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.

Program services expenses were recorded at fair value totaling \$1,566,595 and \$1,122,185 in 2015 and 2014, respectively, with the difference recorded as other assets representing primarily auction items received and not yet used.

Advertising and media is 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. Advertising and media are reported as contribution revenue when received and fundraising or public information 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.

MAKE-A-WISH FOUNDATION® OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2015 and 2014.

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, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

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, 2015 and 2014, the Foundation incurred joint costs for activities that include fundraising appeals (primarily direct mail campaigns and newsletters), which have been allocated as follows:

	2015	2014
Fundraising	\$ 2,608	\$ 3,024
Management and General	2,373	1,881
Wish Granting	6,903	7,285
Total	\$ 11,884	\$ 12,190

Management and General

All costs not identifiable with a single 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.

Management Estimates

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

MAKE-A-WISH FOUNDATION® OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

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 table as of August 31, 2015 and 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.

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 Board's Audit and Finance committee which oversees the Foundation's investment program in accordance with established guidelines.

MAKE-A-WISH FOUNDATION® OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

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 at August 31, 2015:

	Fair Value Measurements at August 31, 2015 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Recurring:				
Investments:				
Exchange-Traded Funds:				
Domestic Equity	\$ 430,726	\$ -	\$ -	\$ 430,726
Certificates of Deposit	1,032,305	-	-	1,032,305
Debt Securities:				
Corporate	-	339,814	-	339,814
Total Recurring	<u>1,463,031</u>	<u>339,814</u>	<u>-</u>	<u>1,802,845</u>
Nonrecurring:				
Split-Interest Agreements	-	-	567,541	567,541
Total Nonrecurring	<u>-</u>	<u>-</u>	<u>567,541</u>	<u>567,541</u>
Total	<u>\$ 1,463,031</u>	<u>\$ 339,814</u>	<u>\$ 567,541</u>	<u>\$ 2,370,386</u>

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:

	Fair Value Measurements at August 31, 2014 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Recurring:				
Investments:				
Certificates of Deposit	\$ 984,402	\$ -	\$ -	\$ 984,402
Debt Securities:				
Corporate	-	596,444	-	596,444
Total Recurring	<u>984,402</u>	<u>596,444</u>	<u>-</u>	<u>1,580,846</u>
Nonrecurring:				
Split-Interest Agreements	-	-	629,894	629,894
Total Nonrecurring	<u>-</u>	<u>-</u>	<u>629,894</u>	<u>629,894</u>
Total	<u>\$ 984,402</u>	<u>\$ 596,444</u>	<u>\$ 629,894</u>	<u>\$ 2,210,740</u>

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

For the valuation of corporate debt securities at August 31, 2015 and 2014, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

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, 2015:

	(Level 3)
Beginning Balance	\$ 629,894
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	(62,353)
Ending Balance	\$ 567,541
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	\$ (46,410)

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:

	(Level 3)
Beginning Balance	\$ 582,800
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	47,094
Ending Balance	\$ 629,894
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	\$ 47,094

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

	2015	2014
Interest and Dividend Income	\$ 58,355	\$ 70,837
Realized and Unrealized Gains, Net	(46,121)	(18,318)
Investment Income, Net	\$ 12,234	\$ 52,519

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NOTE 4 CONTRIBUTIONS RECEIVABLE

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

	2015	2014
Total Amounts Due in:		
One Year	\$ 153,542	\$ 151,781
Gross Contributions Receivable	153,542	151,781
Less: Allowance for Doubtful Accounts	(240)	(240)
Contributions Receivable, Net	\$ 153,302	\$ 151,541

NOTE 5 SPLIT-INTEREST AGREEMENTS

Beneficial Interest in Assets Held by Others

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 this arrangement, 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 received notice that the agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets are recorded in the accompanying statement of activities as the change in value of beneficial interest in assets held by others.

The Foundation's beneficial interest in the trust is \$567,541 and \$629,894 as of August 31, 2015 and 2014, respectively.

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES

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

	2015	2014
Corporate, Online, Whitemail and General Contributions	\$ 806,502	\$ 806,367
Grants	200	6,735
Scholarships	1,000	950
Wish Fulfillment Fund	8,796	16,920
Total Distributions Received	\$ 816,498	\$ 830,972

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

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NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

The Foundation paid to the National Organization the following amounts for the years ended August 31:

	<u>2015</u>	<u>2014</u>
Management Dues	\$ 142,497	\$ 130,272
Other	-	975
Total Amounts Paid	<u>\$ 142,497</u>	<u>\$ 131,247</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 \$1,050 and \$4,500 for the years ended August 31, 2015 and 2014, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	<u>2015</u>	<u>2014</u>
Balance at August 31:		
Due from National Organization	\$ 39,322	\$ 121,517
Due from Other Chapters	2,526	2,474
Total Due from Related Entities	<u>\$ 41,848</u>	<u>\$ 123,991</u>
Due to National Organization	\$ -	\$ 13,617
Due to Other Chapters	12,851	12,895
Total Due to Related Entities	<u>\$ 12,851</u>	<u>\$ 26,512</u>

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 2015 and 2014 the Foundation received contributions, both cash and in-kind, from board members totaling \$94,091 and \$37,171, respectively.

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NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2015	2014
Land	\$ -	\$ 84,000
Buildings and Building Improvements	-	173,200
Computer Equipment and Software	99,911	175,527
Office Furniture	17,222	24,420
Other Equipment	25,331	129,481
Leasehold Improvements	59,316	5,606
	201,780	592,234
Less: Accumulated Depreciation and Amortization	(100,541)	(341,674)
Property and Equipment, Net	\$ 101,239	\$ 250,560

Depreciation and amortization expense totaled \$34,071 and \$21,247 for the years ended August 31, 2015 and 2014, respectively. During the year ended August 31, 2015, the Foundation sold land and a building at their Springfield, Missouri location.

NOTE 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.

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 represents the estimated in-kind outlay that is expected to be incurred in fulfilling each wish; note that the matching in-kind revenues are recognized when an unconditional promise is received for the required goods or services or in the future period when the wish is granted.

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, 2015 and 2014, the Foundation had approximately 158 reportable pending wishes.

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NOTE 9 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through March 2020. Total rent expense for all operating leases for the years ended August 31, 2015 and 2014 totaled \$71,966 and \$53,627, respectively.

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

Year Ending August 31:	Amount
2016	\$ 51,254
2017	51,254
2018	51,254
2019	51,254
2020 and Following	29,898
Total Minimum Lease Payments	\$ 234,914

NOTE 10 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	2015	2014
Time Restrictions	\$ 97,131	\$ 189,454
Purpose Restrictions	131,190	115,890
Total Temporarily Restricted Net Assets	\$ 228,321	\$ 305,344

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

	2015	2014
Investments in Perpetuity, the Income From Which is Expendable to Support Any Activities of the Foundation	\$ 567,541	\$ 629,894

NOTE 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 years ended August 31, 2015 and 2014 were \$29,682 and \$22,078, respectively.

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NOTE 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 \$650,610 and \$464,528 were received from a single donor for the years ended August 31, 2015 and 2014, respectively, which represents 16.3% and 12.8%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 13 LITIGATION AND CLAIMS

The Foundation is involved in litigation and claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position, change in net assets, or liquidity.

NOTE 14 SUBSEQUENT EVENTS

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