

MAKE-A-WISH FOUNDATION® OF MISSOURI
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2016 AND 2015

**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, 2016 and 2015, 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 controls 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 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 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, 2016 and 2015, 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
February 1, 2017

MAKE-A-WISH FOUNDATION® OF MISSOURI
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2016 AND 2015

	2016	2015
ASSETS		
Cash and Cash Equivalents	\$ 2,076,914	\$ 658,089
Investments	1,796,303	1,802,845
Due from Related Entities	77,159	41,848
Prepaid Expenses	25,565	58,838
Contributions Receivable, Net	294,444	153,302
Other Assets	4,271	-
Property and Equipment, Net	79,907	101,239
Beneficial Interest in Assets Held by Others	631,469	567,541
Total Assets	\$ 4,986,032	\$ 3,383,702
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 196,497	\$ 317,585
Accrued Pending Wish Costs - Cash	809,494	829,682
Accrued Pending Wish Costs - In-Kind	612,007	609,739
Due to Related Entities	19,016	12,851
Other Liabilities	5,925	16,589
Total Liabilities	1,642,939	1,786,446
Net Assets		
Unrestricted	2,504,783	801,394
Temporarily Restricted	100,461	228,321
Permanently Restricted	737,849	567,541
Total Net Assets	3,343,093	1,597,256
Total Liabilities and Net Assets	\$ 4,986,032	\$ 3,383,702

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2016
(WITH SUMMARY TOTALS FOR YEAR ENDED 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
REVENUES, GAINS AND OTHER SUPPORT					
Public Support:					
Contributions, Net of Write-Offs	\$ 4,929,248	\$ 100,461	\$ 143,880	\$ 5,173,589	\$ 3,935,410
Grants	74,875	-	-	74,875	50,100
Total Public Support	<u>5,004,123</u>	<u>100,461</u>	<u>143,880</u>	<u>5,248,464</u>	<u>3,985,510</u>
Internal Special Events	2,149,200	-	-	2,149,200	1,610,195
Less Costs of Direct Benefits to Donors	<u>(239,649)</u>	<u>-</u>	<u>-</u>	<u>(239,649)</u>	<u>(206,527)</u>
Total Special Events	<u>1,909,551</u>	<u>-</u>	<u>-</u>	<u>1,909,551</u>	<u>1,403,668</u>
Investment Income, Net	83,664	-	-	83,664	12,234
Other Income, Net	3,390	-	-	3,390	21,033
Net Assets Released from Restrictions	<u>228,321</u>	<u>(228,321)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Revenues, Gains, and Other Support	 <u>7,229,049</u>	 <u>(127,860)</u>	 <u>143,880</u>	 <u>7,245,069</u>	 <u>5,422,445</u>
EXPENSES					
Program Services:					
Wish Granting	4,259,422	-	-	4,259,422	4,384,838
Total Program Services	<u>4,259,422</u>	<u>-</u>	<u>-</u>	<u>4,259,422</u>	<u>4,384,838</u>
Support Services:					
Fundraising	838,857	-	-	838,857	637,906
Management and General	427,381	-	-	427,381	453,119
Total Support Services	<u>1,266,238</u>	<u>-</u>	<u>-</u>	<u>1,266,238</u>	<u>1,091,025</u>
 Total Program and Support Services Expense	 5,525,660	 -	 -	 5,525,660	 5,475,863
OTHER (GAINS) LOSSES					
Change in Beneficial Interests in Assets	-	-	(26,428)	(26,428)	62,353
Total Expenses and Losses	<u>5,525,660</u>	<u>-</u>	<u>(26,428)</u>	<u>5,499,232</u>	<u>5,538,216</u>
 Change in Net Assets	 1,703,389	 (127,860)	 170,308	 1,745,837	 (115,771)
Net Assets - Beginning of Year	<u>801,394</u>	<u>228,321</u>	<u>567,541</u>	<u>1,597,256</u>	<u>1,713,027</u>
 NET ASSETS - END OF YEAR	 <u>\$ 2,504,783</u>	 <u>\$ 100,461</u>	 <u>\$ 737,849</u>	 <u>\$ 3,343,093</u>	 <u>\$ 1,597,256</u>

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	<u>3,854,320</u>	<u>131,190</u>	<u>-</u>	<u>3,985,510</u>
Internal Special Events	1,515,064	95,131	-	1,610,195
Less Costs of Direct Benefits to Donors	<u>(206,527)</u>	<u>-</u>	<u>-</u>	<u>(206,527)</u>
Total Special Events	<u>1,308,537</u>	<u>95,131</u>	<u>-</u>	<u>1,403,668</u>
Investment Income, Net	12,234	-	-	12,234
Other Income, Net	21,033	-	-	21,033
Net Assets Released from Restrictions	<u>303,344</u>	<u>(303,344)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>5,499,468</u>	<u>(77,023)</u>	<u>-</u>	<u>5,422,445</u>
EXPENSES				
Program Services:				
Wish Granting	<u>4,384,838</u>	<u>-</u>	<u>-</u>	<u>4,384,838</u>
Total Program Services	<u>4,384,838</u>	<u>-</u>	<u>-</u>	<u>4,384,838</u>
Support Services:				
Fundraising	637,906	-	-	637,906
Management and General	<u>453,119</u>	<u>-</u>	<u>-</u>	<u>453,119</u>
Total Support Services	<u>1,091,025</u>	<u>-</u>	<u>-</u>	<u>1,091,025</u>
Total Program and Support Services Expense	5,475,863	-	-	5,475,863
OTHER (GAINS) LOSSES				
Change in Beneficial Interests in Assets	-	-	62,353	62,353
Total Expenses and Losses	<u>5,475,863</u>	<u>-</u>	<u>62,353</u>	<u>5,538,216</u>
Change in Net Assets	23,605	(77,023)	(62,353)	(115,771)
Net Assets - Beginning of Year	<u>777,789</u>	<u>305,344</u>	<u>629,894</u>	<u>1,713,027</u>
NET ASSETS - END OF YEAR	<u><u>\$ 801,394</u></u>	<u><u>\$ 228,321</u></u>	<u><u>\$ 567,541</u></u>	<u><u>\$ 1,597,256</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MISSOURI
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,745,837	\$ (115,771)
Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	37,295	34,071
Contributions Restricted for Long-Term Investment	(150,000)	-
Net Realized and Unrealized (Gains) Losses on Investments	(25,546)	46,121
(Gain) Loss on Sale of Property and Equipment	60	(17,785)
Contributed Property and Equipment, Inventory and Investments	(13,171)	(70,273)
Change in Value of Assets Held by Others	(26,428)	62,353
Change in Discount to Present Value of Contributions Receivable	6,120	-
Changes in Assets and Liabilities:		
Contributions Receivable	(34,762)	(1,761)
Due from Related Entities	(35,311)	82,143
Prepaid Expenses	33,273	19,775
Other Assets	(4,271)	7,243
Accounts Payable and Accrued Expenses	(121,088)	35,605
Accrued Pending Wish Costs	(17,920)	(22,687)
Due to Related Entities	6,165	-
Other Liabilities	(10,664)	820
Net Cash Provided by Operating Activities	1,389,589	59,854
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(501,757)	(590,700)
Proceeds from Sales of Investments	543,641	325,000
Purchases of Property and Equipment	(12,648)	(17,137)
Purchase of Beneficial Interest in Assets Held by Others	(37,500)	-
Proceeds from Sale of Property and Equipment	-	218,025
Net Cash Used by Investing Activities	(8,264)	(64,812)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Long-Term Investment	37,500	-
Net Cash Provided by Financing Activities	37,500	-
Net Increase (Decrease) in Cash and Cash Equivalents	1,418,825	(4,958)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	658,089	663,047
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,076,914	\$ 658,089

See accompanying Notes to Financial Statements.

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

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Support Services	
Direct Costs of Wishes	\$ 3,265,219	\$ -	\$ -	\$ -	\$ 3,265,219
Salaries, Taxes, and Benefits	675,353	496,882	331,624	828,506	1,503,859
Printing, Subscriptions, and Publications	8,157	33,641	1,269	34,910	43,067
Professional Fees	53,534	62,203	22,854	85,057	138,591
Rent and Utilities	24,470	19,382	12,597	31,979	56,449
Postage and Delivery	5,530	3,581	515	4,096	9,626
Travel	9,685	32,768	5,945	38,713	48,398
Meetings and Conferences	19,608	16,412	12,493	28,905	48,513
Office Supplies	12,190	2,709	731	3,440	15,630
Communications	7,771	3,054	2,418	5,472	13,243
Advertising and Media (In-Kind)	-	69,460	-	69,460	69,460
Repairs and Maintenance	4,323	1,630	1,488	3,118	7,441
Membership Dues	487	1,363	343	1,706	2,193
National Partnership Dues	119,027	18,080	13,560	31,640	150,667
Miscellaneous	37,814	64,959	13,236	78,195	116,009
Depreciation and Amortization	16,254	12,733	8,308	21,041	37,295
	<u>\$ 4,259,422</u>	<u>\$ 838,857</u>	<u>\$ 427,381</u>	<u>\$ 1,266,238</u>	<u>\$ 5,525,660</u>

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		Total
	Wish Granting	Fundraising	Management and General	Support Services	
Direct Costs of Wishes	\$ 3,168,314	\$ -	\$ -	\$ -	\$ 3,168,314
Salaries, Taxes, and Benefits	811,989	378,845	328,602	707,447	1,519,436
Printing, Subscriptions, and Publications	28,848	27,753	3,869	31,622	60,470
Professional Fees	53,305	36,641	45,940	82,581	135,886
Rent and Utilities	49,420	18,668	16,894	35,562	84,982
Postage and Delivery	6,497	3,899	1,989	5,888	12,385
Travel	17,364	32,629	6,117	38,746	56,110
Meetings and Conferences	46,843	43,219	5,720	48,939	95,782
Office Supplies	11,631	5,051	4,415	9,466	21,097
Communications	37,074	15,173	11,345	26,518	63,592
Advertising and Media (In-Kind)	-	12,000	-	12,000	12,000
Repairs and Maintenance	5,957	3,973	2,044	6,017	11,974
Membership Dues	245	1,253	619	1,872	2,117
National Partnership Dues	112,572	15,669	14,256	29,925	142,497
Miscellaneous	14,854	35,446	4,850	40,296	55,150
Depreciation and Amortization	19,925	7,687	6,459	14,146	34,071
	<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
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

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 fund raising for the benefit of all local chapters. To be a Make-A-Wish chapter, 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, 2016 and 2015 is \$1,562,079 and \$150,962, 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, 2016 AND 2015

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 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 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.

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.

MAKE-A-WISH FOUNDATION® OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

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. 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 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 MISSOURI
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Foundation received in-kind contributions of assets and services that are reported as follows at August 31:

	Support Services			2016 Total
	Programs	Fundraising	Management and General	
Program and Support Service Expenses				
Wish Related	\$ 1,525,813	\$ -	\$ -	\$ 1,525,813
Professional Services	-	-	4,100	4,100
Rent	5,318	1,678	2,157	9,153
Advertising, Printing, Media, and Publications	-	69,460	-	69,460
Other	10,151	546	643	11,340
Total Program and Supported Service Expenses	1,541,282	71,684	6,900	1,619,866
Direct Benefit Expenses, Netted with Special Event Revenue	12,357	-	-	12,357
Total	<u>\$ 1,553,639</u>	<u>\$ 71,684</u>	<u>\$ 6,900</u>	1,632,223
Investments (Asset)				9,796
Property and Equipment (Capitalized)				3,375
Total				<u>\$ 1,645,394</u>

	Support Services			2015 Total
	Programs	Fundraising	Management and General	
Program and Support Service Expenses				
Wish Related	\$ 1,564,679	\$ -	\$ -	\$ 1,564,679
Professional Services	10,465	3,953	7,697	22,115
Rent	19,536	7,368	6,722	33,626
Advertising, Printing, Media, and Publications	-	12,000	-	12,000
Other	7,255	21,284	2,102	30,641
Total Program and Supported Service Expenses	1,601,935	44,605	16,521	1,663,061
Direct Benefit Expenses, Netted with Special Event Revenue	62,687	-	-	62,687
Total	<u>\$ 1,664,622</u>	<u>\$ 44,605</u>	<u>\$ 16,521</u>	1,725,748
Investments (Asset)				2,420
Property and Equipment (Capitalized)				67,853
Total				<u>\$ 1,796,021</u>

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.

MAKE-A-WISH FOUNDATION® OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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, 2016 and 2015. The Foundation files income tax returns in the U.S. federal jurisdiction.

Functional Expenses

The Foundation performs three functions: wish granting, 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.

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, 2016 and 2015, the Foundation incurred no significant joint costs for activities that included fundraising appeals.

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.

MAKE-A-WISH FOUNDATION® OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent included within other liabilities was \$5,925 and \$7,578 at August 31, 2016 and 2015, respectively.

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying 2015 financial statements to maintain consistency between periods presented. The reclassifications had 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 table(s) as of August 31, 2016 and 2015 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 MISSOURI
NOTES TO FINANCIAL STATEMENTS
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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 Board's Audit and Finance committee, which oversees the Foundation's investment program in accordance with established guidelines.

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, 2016:

	Fair Value Measurements at August 31, 2016 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Investments:				
Exchange-Traded Funds:				
Domestic Equity	\$ 706,528	\$ -	\$ -	\$ 706,528
Bonds	197,836	-	-	197,836
Certificates of Deposit	-	891,939	-	891,939
Total Recurring	<u>904,364</u>	<u>891,939</u>	<u>-</u>	<u>1,796,303</u>
Nonrecurring:				
Beneficial Interests in Trust	-	-	593,969	593,969
Beneficial Interest in Assets Held by Others	-	-	37,500	37,500
Total Nonrecurring	<u>-</u>	<u>-</u>	<u>631,469</u>	<u>631,469</u>
Total	<u>\$ 904,364</u>	<u>\$ 891,939</u>	<u>\$ 631,469</u>	<u>\$ 2,427,772</u>

MAKE-A-WISH FOUNDATION® OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
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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 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	770,540	1,032,305	-	1,802,845
Nonrecurring:				
Beneficial Interests in Trust	-	-	567,541	567,541
Total Nonrecurring	-	-	567,541	567,541
Total	\$ 770,540	\$ 1,032,305	\$ 567,541	\$ 2,370,386

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, 2016 and 2015:

	2016	2015
Beginning Balance	\$ 567,541	\$ 629,894
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	26,428	(62,353)
Purchases	37,500	-
Ending Balance	\$ 631,469	\$ 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	 \$ 37,233	 \$ (46,410)

Total investment income, gains, and losses for the years ended August 31, 2016 and 2015 consist of the following:

	2016	2015
Interest and Dividend Income	\$ 68,738	\$ 58,355
Realized and Unrealized Gains (Losses), Net	25,546	(46,121)
Less Investment Expenses	(10,620)	-
Investment Income, Net	\$ 83,664	\$ 12,234

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NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at a rate of 5.44% at August 31, 2016. The following is a summary of the Foundation's contributions receivable at August 31:

	2016	2015
Total Amounts Due in:		
One Year	\$ 188,304	\$ 153,542
Two to Five Years	112,500	-
Gross Contributions Receivable	300,804	153,542
Less Allowance for Doubtful Accounts	(240)	(240)
Less Discount to Present Value	(6,120)	-
Contributions Receivable, Net	\$ 294,444	\$ 153,302

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 \$593,969 and \$567,541 as of August 31, 2016 and 2015, respectively.

As of August 31, 2016, the Foundation had received a gift for an endowment which was contributed by the Foundation to the Wishes Forever Endowment Fund at National Organization. The original corpus is not redeemable by the Foundation at any time. Distributions from earnings will be made by the National Organization to the Foundation according to the National Organizations' Endowment Spending Policy. The Foundation's beneficial interest in this endowment being held by the National Organization is \$37,500 and \$-0- as of August 31, 2016 and 2015.

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2016 and 2015, the Foundation received \$1,064,668 and \$816,498, respectively, from these national revenue streams.

MAKE-A-WISH FOUNDATION® OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Conversely, the chapter pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation of America pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$203,129 and \$142,497 were paid from the Foundation to the National Organization during the years ended August 31, 2016 and 2015 respectively.

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 \$3,450 and \$1,050 for the years ended August 31, 2016 and 2015, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	<u>2016</u>	<u>2015</u>
Balance at August 31:		
Due from National Organization	\$ 73,080	\$ 39,322
Due from Other Chapters	4,079	2,526
Total Due from Related Entities	<u>\$ 77,159</u>	<u>\$ 41,848</u>
Due to National Organization	\$ 2,140	\$ -
Due to Other Chapters	16,876	12,851
Total Due to Related Entities	<u>\$ 19,016</u>	<u>\$ 12,851</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 2016 and 2015 the Foundation received contributions, both cash and in-kind, from board members totaling \$63,165 and \$94,091, respectively.

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NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2016	2015
Computer Equipment and Software	\$ 112,910	\$ 99,911
Office Furniture	17,222	17,222
Other Equipment	27,629	25,331
Leasehold Improvements	59,316	59,316
	217,077	201,780
Less Accumulated Depreciation and Amortization	(137,170)	(100,541)
Property and Equipment, Net	\$ 79,907	\$ 101,239

Depreciation and amortization expense totaled \$37,295 and \$34,071 for the years ended August 31, 2016 and 2015 respectively. During the year ended August 31, 2015, the Foundation sold land and a building at their Springfield, Missouri location for a net gain of \$32,183.

NOTE 8 ACCRUED PENDING WISH COSTS

The Foundation accrues for 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. 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,
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 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. Although not fully guaranteed, if the related expected in-kind revenue were recognized in the same fiscal period as the expected in-kind expense, total net assets at August 31, 2016 would be \$3,854,639.

MAKE-A-WISH FOUNDATION® OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 ACCRUED PENDING WISH COSTS (CONTINUED)

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, 2016 and 2015, the Foundation had approximately 166 and 158 reportable pending wishes, respectively.

NOTE 9 ENDOWMENT

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 endowment consists of one individual fund established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. 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 statements of financial position.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Missouri UPMIFA 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.

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NOTE 9 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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 assets composition by type of fund as of August 31, 2016 is as follows:

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-Restricted Endowment Funds				
Held by National	\$ -	\$ -	\$ 37,500	\$ 37,500
Total Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,500</u>	<u>\$ 37,500</u>

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

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	37,500	37,500
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,500</u>	<u>\$ 37,500</u>

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

	2016
Permanently Restricted Net Assets:	
The Portion of Perpetual Endowment Funds that is Required to Be Retained Permanently Either by Explicit Donor or by UPMIFA	<u>\$ 37,500</u>

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NOTE 9 ENDOWMENT (CONTINUED)

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. There have been no such deficiencies in 2016.

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 period(s) as well as board-designated funds.

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 does not have a spending policy that mandates specific annual distributions. As operational needs are identified, the Board may elect to make distributions from the endowment assets.

NOTE 10 LEASES

The Foundation is obligated under an operating lease for office space, which expires in March 2020. Total rent expense for all operating leases for the years ended August 31, 2016 and 2015 totaled \$55,243 and \$71,966, respectively.

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

<u>Year Ending August 31:</u>	<u>Operating Leases</u>
2017	\$ 51,254
2018	51,254
2019	51,254
2020	29,898
Total	<u>\$ 183,660</u>

MAKE-A-WISH FOUNDATION® OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	2016	2015
Time Restrictions	\$ -	\$ 97,131
Purpose Restrictions	100,461	131,190
Total Temporarily Restricted Net Assets	\$ 100,461	\$ 228,321

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

	2016	2015
Investments in Perpetuity, the Income from which is Expendable to Support Any Activities of the Foundation	\$ 737,849	\$ 567,541

NOTE 12 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, 2016 and 2015 were \$26,737 and \$29,682, respectively.

NOTE 13 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 \$763,555 and \$650,610, were received from a single donor for the years ended August 31, 2016 and 2015, respectively, which represents 14.5% and 16.3%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

**MAKE-A-WISH FOUNDATION® OF MISSOURI
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NOTE 14 LITIGATION AND CLAIMS

The Foundation is periodically 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 15 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through February 1, 2017, the date at which the financial statements were available to be issued.