

MAKE-A-WISH FOUNDATION® OF MISSOURI
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2017 AND 2016

**MAKE-A-WISH FOUNDATION® OF MISSOURI
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YEARS ENDED AUGUST 31, 2017 AND 2016**

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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, 2017 and 2016, 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, 2017 and 2016, 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, 2018

MAKE-A-WISH FOUNDATION® OF MISSOURI
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2017 AND 2016

	2017	2016
ASSETS		
Cash and Cash Equivalents	\$ 422,159	\$ 2,076,914
Investments	3,155,789	1,796,303
Due from Related Entities	80,084	77,159
Prepaid Expenses	13,765	25,565
Contributions Receivable, Net	217,167	293,601
Other Assets	12,327	5,114
Property and Equipment, Net	62,258	79,907
Beneficial Interest in Assets Held by Others	712,265	631,469
Total Assets	\$ 4,675,814	\$ 4,986,032
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 233,337	\$ 196,497
Accrued Pending Wish Costs, Cash	796,054	809,494
Accrued Pending Wish Costs, In-Kind	699,536	612,007
Due to Related Entities	27,062	19,016
Other Liabilities	4,271	5,925
Total Liabilities	1,760,260	1,642,939
Net Assets		
Unrestricted	1,978,937	2,504,783
Temporarily Restricted	156,538	100,461
Permanently Restricted	780,079	737,849
Total Net Assets	2,915,554	3,343,093
Total Liabilities and Net Assets	\$ 4,675,814	\$ 4,986,032

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2016 Total
REVENUES, GAINS, AND OTHER SUPPORT					
Public Support:					
Contributions, Net of Write-Offs	\$ 3,779,585	\$ 132,392	\$ 4,080	\$ 3,916,057	\$ 5,173,589
Grants	65,000	1,500	-	66,500	74,875
Total Public Support	<u>3,844,585</u>	<u>133,892</u>	<u>4,080</u>	<u>3,982,557</u>	<u>5,248,464</u>
Internal Special Events	1,474,959	17,500	-	1,492,459	2,149,200
Less Costs of Direct Benefits to Donors	(129,779)	-	-	(129,779)	(239,649)
Total Special Events	<u>1,345,180</u>	<u>17,500</u>	<u>-</u>	<u>1,362,680</u>	<u>1,909,551</u>
Investment Income, Net	185,551	5,146	-	190,697	83,664
Other Income, Net	2,223	-	-	2,223	3,390
Net Assets Released from Restrictions	100,461	(100,461)	-	-	-
Total Revenues, Gains, and Other Support	<u>5,478,000</u>	<u>56,077</u>	<u>4,080</u>	<u>5,538,157</u>	<u>7,245,069</u>
EXPENSES					
Program Services:					
Wish Granting	4,410,715	-	-	4,410,715	4,259,422
Total Program Services	<u>4,410,715</u>	<u>-</u>	<u>-</u>	<u>4,410,715</u>	<u>4,259,422</u>
Support Services:					
Fundraising	1,068,524	-	-	1,068,524	838,857
Management and General	524,607	-	-	524,607	427,381
Total Support Services	<u>1,593,131</u>	<u>-</u>	<u>-</u>	<u>1,593,131</u>	<u>1,266,238</u>
Total Program and Support Services Expense	<u>6,003,846</u>	<u>-</u>	<u>-</u>	<u>6,003,846</u>	<u>5,525,660</u>
OTHER (GAINS) LOSSES					
Change in Beneficial Interests in Assets	-	-	(38,150)	(38,150)	(26,428)
Total Expenses and Losses	<u>6,003,846</u>	<u>-</u>	<u>(38,150)</u>	<u>5,965,696</u>	<u>5,499,232</u>
Change in Net Assets	(525,846)	56,077	42,230	(427,539)	1,745,837
NET ASSETS, BEGINNING 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>
NET ASSETS, END OF YEAR	<u>\$ 1,978,937</u>	<u>\$ 156,538</u>	<u>\$ 780,079</u>	<u>\$ 2,915,554</u>	<u>\$ 3,343,093</u>

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 4,929,248	\$ 100,461	\$ 143,880	\$ 5,173,589
Grants	74,875	-	-	74,875
Total Public Support	5,004,123	100,461	143,880	5,248,464
Internal Special Events	2,149,200	-	-	2,149,200
Less Costs of Direct Benefits to Donors	(239,649)	-	-	(239,649)
Total Special Events	1,909,551	-	-	1,909,551
Investment Income, Net	83,664	-	-	83,664
Other Income, Net	3,390	-	-	3,390
Net Assets Released from Restrictions	228,321	(228,321)	-	-
Total Revenues, Gains, and Other Support	7,229,049	(127,860)	143,880	7,245,069
EXPENSES				
Program Services:				
Wish Granting	4,259,422	-	-	4,259,422
Total Program Services	4,259,422	-	-	4,259,422
Support Services:				
Fundraising	838,857	-	-	838,857
Management and General	427,381	-	-	427,381
Total Support Services	1,266,238	-	-	1,266,238
Total Program and Support Services Expense	5,525,660	-	-	5,525,660
OTHER (GAINS) LOSSES				
Change in Beneficial Interests in Assets	-	-	(26,428)	(26,428)
Total Expenses and Losses	5,525,660	-	(26,428)	5,499,232
Change in Net Assets	1,703,389	(127,860)	170,308	1,745,837
NET ASSETS, BEGINNING OF YEAR	801,394	228,321	567,541	1,597,256
NET ASSETS, END OF YEAR	\$ 2,504,783	\$ 100,461	\$ 737,849	\$ 3,343,093

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MISSOURI
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (427,539)	\$ 1,745,837
Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	35,969	37,295
Contributions Restricted for Long-Term Investment	-	(150,000)
Net Realized and Unrealized (Gains) Losses on Investments	(126,507)	(25,546)
(Gain) Loss on Sale of Property and Equipment	136	60
Contributed Property and Equipment, Inventory, and Investments	(4,296)	(13,171)
Change in Value of Assets Held by Others	(43,296)	(26,428)
Change in Discount to Present Value of Contributions Receivable	(4,080)	6,120
Changes in Assets and Liabilities:		
Contributions Receivable	43,014	(33,919)
Due from Related Entities	(2,925)	(35,311)
Prepaid Expenses	11,800	33,273
Other Assets	(7,213)	(5,114)
Accounts Payable and Accrued Expenses	36,840	(121,088)
Accrued Pending Wish Costs	74,089	(17,920)
Due to Related Entities	8,046	6,165
Other Liabilities	(1,654)	(10,664)
Net Cash Provided (Used) by Operating Activities	(407,616)	1,389,589
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(2,940,016)	(501,757)
Proceeds from Sales of Investments	1,707,037	543,641
Purchases of Property and Equipment	(14,160)	(12,648)
Purchase of Beneficial Interest in Assets Held by Others	(37,500)	(37,500)
Net Cash Used by Investing Activities	(1,284,639)	(8,264)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Long-Term Investment	37,500	37,500
Net Cash Provided by Financing Activities	37,500	37,500
Net Increase (Decrease) in Cash and Cash Equivalents	(1,654,755)	1,418,825
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,076,914	658,089
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 422,159	\$ 2,076,914
SUPPLEMENTAL CASH FLOW INFORMATION		
Donated Equipment Receivable	\$ 5,685	\$ -
Donated Inventory	7,296	-
Donated Property and Equipment	4,296	3,375
Donated Investments	-	9,796

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MISSOURI
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2017

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Support Services	
Direct Costs of Wishes	\$ 3,358,616	\$ -	\$ -	\$ -	\$ 3,358,616
Salaries, Taxes, and Benefits	689,095	659,596	390,606	1,050,202	1,739,297
Printing, Subscriptions, and Publications	8,570	14,733	1,472	16,205	24,775
Professional Fees	47,884	141,659	28,606	170,265	218,149
Rent and Utilities	24,486	23,631	13,749	37,380	61,866
Postage and Delivery	8,904	3,611	851	4,462	13,366
Travel	7,673	31,978	12,450	44,428	52,101
Meetings and Conferences	23,275	37,707	18,369	56,076	79,351
Office Supplies	6,507	8,901	555	9,456	15,963
Communications	5,580	5,468	2,999	8,467	14,047
Advertising and Media (In-Kind)	-	19,869	-	19,869	19,869
Repairs and Maintenance	2,886	2,787	1,651	4,438	7,324
Membership Dues	264	656	151	807	1,071
National Partnership Dues	179,111	22,672	24,940	47,612	226,723
Miscellaneous	33,728	81,516	20,115	101,631	135,359
Depreciation and Amortization	14,136	13,740	8,093	21,833	35,969
Special Event Expenses	-	129,779	-	129,779	129,779
Investment Fees	-	-	27,933	27,933	27,933
	<u>4,410,715</u>	<u>1,198,303</u>	<u>552,540</u>	<u>1,750,843</u>	<u>6,161,558</u>
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(129,779)	-	(129,779)	(129,779)
Investment Fees	-	-	(27,933)	(27,933)	(27,933)
	<u>-</u>	<u>-</u>	<u>(27,933)</u>	<u>(27,933)</u>	<u>(27,933)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 4,410,715</u>	<u>\$ 1,068,524</u>	<u>\$ 524,607</u>	<u>\$ 1,593,131</u>	<u>\$ 6,003,846</u>

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	Total 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
Special Event Expense	-	239,649	-	239,649	239,649
Investment Fees	-	-	10,620	10,620	10,620
	<u>4,259,422</u>	<u>1,078,506</u>	<u>438,001</u>	<u>1,516,507</u>	<u>5,775,929</u>
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(239,649)	-	(239,649)	(239,649)
Investment Fees	-	-	(10,620)	(10,620)	(10,620)
	<u>-</u>	<u>-</u>	<u>(10,620)</u>	<u>(10,620)</u>	<u>(10,620)</u>
Total Expenses Include in the Expense Section of the Statement of Activities	<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
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

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. To be a Make-A-Wish chapter, the local chapter is obligated to comply with a chapter agreement entered into 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 accounting principles generally accepted in the United States of America 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, 2017 and 2016 is \$30,229 and \$1,562,079, 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, 2017 AND 2016

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, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

- **Permanently restricted net assets** – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. 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, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

	August 31, 2017			Total
	Programs	Fundraising	Management and General	
Wish Related	\$ 1,687,576	\$ -	\$ -	\$ 1,687,576
Professional Services	-	33	4,100	4,133
Rent	3,769	3,496	1,888	9,153
Advertising, Printing, Media, and Publications	-	19,869	-	19,869
Other	6,482	2,070	1,891	10,443
	<u>\$ 1,697,827</u>	<u>\$ 25,468</u>	<u>\$ 7,879</u>	1,731,174
Special Events				10,298
Inventory (Asset)				7,296
Property and Equipment (Capitalized)				4,296
In-Kind Receivable (Asset)				5,685
Total				<u>\$ 1,758,749</u>

	August 31, 2016			Total
	Programs	Fundraising	Management and General	
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
	<u>\$ 1,541,282</u>	<u>\$ 71,684</u>	<u>\$ 6,900</u>	1,619,866
Special Events				12,357
Investments (Asset)				9,796
Property and Equipment (Capitalized)				3,375
Total				<u>\$ 1,645,394</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, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (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. Donated advertising and media is 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. Advertising costs total \$19,869 and \$69,460 for the years ended August 31, 2017 and 2016, respectively.

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, 2017 and 2016. 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, 2017 and 2016, the Foundation incurred no significant joint costs for activities that included fundraising appeals.

Management and General

All costs not identifiable with specific programs or fundraising activities, 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, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent included within other liabilities was \$4,271 and \$5,925 at August 31, 2017 and 2016, respectively.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. 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, functional allocation of expenses, and whether an allowance for uncollectible contributions receivable is required.

Reclassifications

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

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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, 2017:

	Fair Value Measurements at August 31, 2017 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 188,479	\$ -	\$ -	\$ 188,479
Exchange-Traded Funds:				
Domestic Equity	1,482,840	-	-	1,482,840
Bonds	387,685	-	-	387,685
Equity Securities:				
U.S. Corporate Equity	43,956	-	-	43,956
Certificates of Deposit	-	964,598	-	964,598
Debt Securities:				
U.S. Treasury	82,971	-	-	82,971
Foreign Governments	5,260	-	-	5,260
Total Recurring	<u>2,191,191</u>	<u>964,598</u>	<u>-</u>	<u>3,155,789</u>
Nonrecurring:				
Beneficial Interests in Trust	-	-	632,119	632,119
Beneficial Interest in Assets Held by Others	-	-	80,146	80,146
Total Nonrecurring	<u>-</u>	<u>-</u>	<u>712,265</u>	<u>712,265</u>
Total	<u>\$ 2,191,191</u>	<u>\$ 964,598</u>	<u>\$ 712,265</u>	<u>\$ 3,868,054</u>

MAKE-A-WISH FOUNDATION® OF MISSOURI
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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, 2016:

	Fair Value Measurements at August 31, 2016 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
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	904,364	891,939	-	1,796,303
Nonrecurring:				
Beneficial Interests in Trust	-	-	593,969	593,969
Beneficial Interests in Assets Held by Others	-	-	37,500	37,500
Total Nonrecurring	-	-	631,469	631,469
Total	\$ 904,364	\$ 891,939	\$ 631,469	\$ 2,427,772

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

	2017	2016
Beginning Balance	\$ 631,469	\$ 567,541
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	43,296	26,428
Purchases	37,500	37,500
Ending Balance	\$ 712,265	\$ 631,469
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	\$ 47,742	\$ 37,233

Total investment income, gains, and losses for the years ended August 31, 2017 and 2016 consist of the following:

	2017	2016
Interest and Dividend Income	\$ 92,123	\$ 68,738
Realized and Unrealized Gains (Losses), Net	126,507	25,546
Less Investment Expenses	(27,933)	(10,620)
Investment Income, Net	\$ 190,697	\$ 83,664

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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, 2017. The following is a summary of the Foundation's contributions receivable at August 31:

	2017	2016
Total Amounts Due in:		
One Year	\$ 181,707	\$ 187,461
Two to Five Years	37,500	112,500
Gross Contributions Receivable	219,207	299,961
Less Allowance for Doubtful Accounts	-	(240)
Less Discount to Present Value	(2,040)	(6,120)
Contributions Receivable, Net	\$ 217,167	\$ 293,601

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 a change in value of beneficial interest in assets held by others. The Foundation's beneficial interest in the trust is \$632,119 and \$593,969 as of August 31, 2017 and 2016, respectively.

As of August 31, 2016, the Foundation had received a gift for an endowment. As it is received, it is being transferred by the Foundation to the Wishes Forever Endowment Fund at the 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 \$80,146 and \$37,500 as of August 31, 2017 and 2016, respectively.

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, 2017 and 2016, the Foundation received \$878,543 and \$1,064,668, respectively, from these national revenue streams.

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NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Conversely, the Foundation pays amounts to the National Organization for chapter 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 \$318,725 and \$203,129 were paid from the Foundation to the National Organization during the years ended August 31, 2017 and 2016, 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 originating chapter agrees to pay a fee to the chapter of the wish destination to assist with any planning, booking, and facilitating of the wish for the home chapter. Under this program, the Foundation received \$2,100 and \$3,450 for the years ended August 31, 2017 and 2016, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	<u>2017</u>	<u>2016</u>
Balance at August 31:		
Due from National Organization	\$ 80,084	\$ 73,080
Due from Other Chapters	-	4,079
Total Due from Related Entities	<u>\$ 80,084</u>	<u>\$ 77,159</u>
Due to National Organization	\$ 424	\$ 2,140
Due to Other Chapters	26,638	16,876
Total Due to Related Entities	<u>\$ 27,062</u>	<u>\$ 19,016</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. Amounts due to the National Organization generally represent unpaid chapter dues and services.

During 2017 and 2016, the Foundation received contributions, both cash and in-kind, from board members totaling \$90,960 and \$63,165, respectively.

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NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2017	2016
Computer Equipment and Software	\$ 105,159	\$ 112,910
Office Furniture	20,175	17,222
Other Equipment	31,089	27,629
Leasehold Improvements	61,416	59,316
	217,839	217,077
Less Accumulated Depreciation and Amortization	(155,581)	(137,170)
Property and Equipment, Net	\$ 62,258	\$ 79,907

Depreciation and amortization expense totaled \$35,969 and \$37,295 for the years ended August 31, 2017 and 2016, respectively.

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 are accrued as pending wish liability at year-end for all reportable pending wishes. The in-kind portion of the pending wish liability includes the estimated in-kind expenses that are 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, 2017 would be increased by \$572,829 resulting in adjusted net assets of \$3,488,383.

MAKE-A-WISH FOUNDATION® OF MISSOURI
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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, 2017 and 2016, the Foundation had 152 and 166 reportable pending wishes, respectively.

NOTE 9 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, 2017 and 2016 totaled \$61,038 and \$55,243, 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>
2018	\$ 51,254
2019	51,254
2020	29,898
Total	<u>\$ 132,406</u>

NOTE 10 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.

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NOTE 10 ENDOWMENT (CONTINUED)

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.

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 is as follows:

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-Restricted Endowment Funds				
Held by National	\$ -	\$ 5,146	\$ 75,000	\$ 80,146
Total Funds	<u>\$ -</u>	<u>\$ 5,146</u>	<u>\$ 75,000</u>	<u>\$ 80,146</u>
	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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>

MAKE-A-WISH FOUNDATION® OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

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

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ -	\$ -	\$ 37,500	\$ 37,500
Investment Return:				
Investment Income	-	5,146	-	5,146
Total Investment Return	-	5,146	-	5,146
Contributions	-	-	37,500	37,500
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 5,146</u>	<u>\$ 75,000</u>	<u>\$ 80,146</u>
	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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 and temporarily restricted net assets (endowment only):

	2017	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>\$ 75,000</u>	<u>\$ 37,500</u>
Temporarily Restricted Net Assets:		
The Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA:		
Without Purpose Restrictions	<u>\$ 5,146</u>	<u>\$ -</u>
Total Endowment Funds Classified as Temporarily Restricted Net Assets	<u>\$ 5,146</u>	<u>\$ -</u>

Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There have been no such deficiencies in 2016 or 2017.

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NOTE 10 ENDOWMENT (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment fund(s) 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 11 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Time Restrictions	\$ 17,500	\$ -
Purpose Restrictions	139,038	100,461
Total Temporarily Restricted Net Assets	<u>\$ 156,538</u>	<u>\$ 100,461</u>

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

	<u>2017</u>	<u>2016</u>
Investments in Perpetuity, the Income from which is Expendable to Support Any Activities of the Foundation	<u>\$ 780,079</u>	<u>\$ 737,849</u>

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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 six months 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, 2017 and 2016 were \$27,366 and \$26,737, 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 \$799,488 and \$763,555, were received from a single donor for the years ended August 31, 2017 and 2016, respectively, which represents 20% and 15%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

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, 2018, the date at which the financial statements were available to be issued.