

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

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

Board of Directors  
Make-A-Wish Foundation® of Wisconsin  
Wauwatosa, Wisconsin

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Wisconsin, 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Board of Directors  
Make-A-Wish Foundation® of Wisconsin

***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 Wisconsin 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**

Minneapolis, Minnesota  
December 13, 2016

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

	2016	2015
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 276,418	\$ 122,987
Investments	3,619,457	3,817,870
Due from Related Entities	63,412	33,728
Prepaid Expenses	45,479	17,624
Contributions Receivable, Net	840,898	827,243
Other Assets	82,591	92,865
Investments Held for Long-Term Purposes	6,620,763	6,438,059
Property and Equipment, Net	919,442	23,595
Total Assets	\$ 12,468,460	\$ 11,373,971
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 393,210	\$ 376,706
Accrued Pending Wish Costs - Cash	1,542,040	1,452,412
Accrued Pending Wish Costs - In-kinds	1,387,513	1,028,906
Deferred Rent	456,799	-
Total Liabilities	3,779,562	2,858,024
<b>NET ASSETS</b>		
Unrestricted	8,000,601	7,997,700
Temporarily Restricted	688,297	518,247
Total Net Assets	8,688,898	8,515,947
Total Liabilities and Net Assets	\$ 12,468,460	\$ 11,373,971

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Total	2015 Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Public Support:				
Contributions, Net of Write-Offs	\$ 4,924,648	\$ 290,419	\$ 5,215,067	\$ 5,049,520
Grants	467,898	-	467,898	551,831
Total Public Support	5,392,546	290,419	5,682,965	5,601,351
Internal Special Events	1,792,418	378,078	2,170,496	2,012,863
Less Costs of Direct Benefits to Donors	(762,213)	-	(762,213)	(726,560)
Total Special Events	1,030,205	378,078	1,408,283	1,286,303
Investment Income (Loss), Net	861,701	-	861,701	(58,830)
Other Income	3,610	-	3,610	8,019
Net Assets Released from Restrictions	498,447	(498,447)	-	-
Total Revenues, Gains, and Other Support	7,786,509	170,050	7,956,559	6,836,843
<b>EXPENSES</b>				
Program Services:				
Wish Granting	6,355,612	-	6,355,612	5,896,866
Support Services:				
Fundraising	1,089,036	-	1,089,036	999,509
Management and General	338,960	-	338,960	309,758
Total Support Services	1,427,996	-	1,427,996	1,309,267
Total Program and Support Services Expense	7,783,608	-	7,783,608	7,206,133
<b>CHANGE IN NET ASSETS</b>	2,901	170,050	172,951	(369,290)
Net Assets - Beginning of Year	7,997,700	518,247	8,515,947	8,885,237
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 8,000,601</u>	<u>\$ 688,297</u>	<u>\$ 8,688,898</u>	<u>\$ 8,515,947</u>

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Net of Write-Offs	\$ 4,752,756	\$ 296,764	\$ 5,049,520
Grants	551,831	-	551,831
Total Public Support	5,304,587	296,764	5,601,351
Internal Special Events	1,831,046	181,817	2,012,863
Less Costs of Direct Benefits to Donors	(726,560)	-	(726,560)
Total Special Events	1,104,486	181,817	1,286,303
Investment Income (Loss), Net	(58,830)	-	(58,830)
Other Income	8,019	-	8,019
Net Assets Released from Restrictions	492,501	(492,501)	-
Total Revenues, Gains, and Other Support	6,850,763	(13,920)	6,836,843
<b>EXPENSES</b>			
Program Services:			
Wish Granting	5,896,866	-	5,896,866
Support Services:			
Fundraising	999,509	-	999,509
Management and General	309,758	-	309,758
Total Support Services	1,309,267	-	1,309,267
Total Program and Support Services Expense	7,206,133	-	7,206,133
<b>CHANGE IN NET ASSETS</b>	(355,370)	(13,920)	(369,290)
Net Assets - Beginning of Year	8,353,070	532,167	8,885,237
<b>NET ASSETS - END OF YEAR</b>	\$ 7,997,700	\$ 518,247	\$ 8,515,947

See accompanying Notes to Financial Statements.

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

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 172,951	\$ (369,290)
Adjustments to reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	68,849	16,517
Net Realized and Unrealized (Gains) Losses on Investments	(625,410)	295,921
Changes in Assets and Liabilities:		
Contributions Receivable	(13,655)	(295,076)
Due from Related Entities	(29,684)	21,939
Prepaid Expenses	(27,855)	(9,826)
Other Assets	10,274	20,029
Accounts Payable and Accrued Expenses	16,504	(47,749)
Accrued Pending Wish Costs	448,235	460,930
Deferred Rent	456,799	-
Net Cash Provided by Operating Activities	477,008	93,395
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(864,753)	(1,165,088)
Proceeds from Sales of Investments	1,505,872	995,342
Purchases of Property and Equipment	(964,696)	(4,836)
Net Cash Used by Investing Activities	(323,577)	(174,582)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	153,431	(81,187)
Cash and Cash Equivalents - Beginning of Year	122,987	204,174
<b>CASH AND CASH EQUA VALENTS - END OF YEAR</b>	\$ 276,418	\$ 122,987
<b>ADDITIONAL DISCLOSURE</b>		
Amounts Received for Tenant Improvement Allowance	\$ 423,856	\$ -

See accompanying Notes to Financial Statements.



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

	Program Services		Support Services			
	Wish Granting	Total Program Services	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	\$ 4,783,979	\$ 4,783,979	\$ -	\$ -	\$ -	\$ 4,783,979
Salaries, Taxes, and Benefits	791,728	791,728	637,227	248,777	886,004	1,677,732
Printing, Subscriptions, and Publications	5,143	5,143	105,179	1,157	106,336	111,479
Professional Fees	28,490	28,490	32,531	11,196	43,727	72,217
Rent and Utilities	60,911	60,911	46,395	12,478	58,873	119,784
Postage and Delivery	24,800	24,800	32,215	5,535	37,750	62,550
Travel	10,884	10,884	22,056	2,268	24,324	35,208
Meetings and Conferences	23,760	23,760	75,606	5,099	80,705	104,465
Office Supplies	17,406	17,406	17,461	4,568	22,029	39,435
Communications	19,532	19,532	13,443	4,191	17,634	37,166
Repairs and Maintenance	18,121	18,121	12,818	3,707	16,525	34,646
Membership Dues	6,467	6,467	4,908	1,339	6,247	12,714
Grants and Scholarships	300,000	300,000	-	-	-	300,000
National Partnership Dues	176,327	176,327	26,784	20,088	46,872	223,199
Miscellaneous	52,266	52,266	37,089	10,830	47,919	100,185
Depreciation and Amortization	35,798	35,798	25,324	7,727	33,051	68,849
Total	<u>\$ 6,355,612</u>	<u>\$ 6,355,612</u>	<u>\$ 1,089,036</u>	<u>\$ 338,960</u>	<u>\$ 1,427,996</u>	<u>\$ 7,783,608</u>

See accompanying Notes to Financial Statements.

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

	Program Services		Support Services			
	Wish Granting	Total Program Services	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	\$ 4,496,363	\$ 4,496,363	\$ -	\$ -	\$ -	\$ 4,496,363
Salaries, Taxes, and Benefits	706,895	706,895	609,258	233,243	842,501	1,549,396
Printing, Subscriptions, and Publications	1,430	1,430	141,329	350	141,679	143,109
Professional Fees	13,592	13,592	16,427	11,116	27,543	41,135
Rent and Utilities	36,241	36,241	23,168	6,848	30,016	66,257
Postage and Delivery	22,253	22,253	34,933	6,473	41,406	63,659
Travel	5,405	5,405	16,852	2,665	19,517	24,922
Meetings and Conferences	25,586	25,586	54,710	7,267	61,977	87,563
Office Supplies	13,598	13,598	13,005	4,228	17,233	30,831
Communications	15,866	15,866	10,271	3,216	13,487	29,353
Repairs and Maintenance	17,957	17,957	11,147	3,370	14,517	32,474
Membership Dues	6,549	6,549	4,459	1,181	5,640	12,189
Grants and Scholarships	300,000	300,000	-	-	-	300,000
National Partnership Dues	173,924	173,924	24,217	22,016	46,233	220,157
Miscellaneous	52,983	52,983	33,288	5,937	39,225	92,208
Depreciation and Amortization	8,224	8,224	6,445	1,848	8,293	16,517
Total	<u>\$ 5,896,866</u>	<u>\$ 5,896,866</u>	<u>\$ 999,509</u>	<u>\$ 309,758</u>	<u>\$ 1,309,267</u>	<u>\$ 7,206,133</u>

See accompanying Notes to Financial Statements.

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

**NOTE 1 ORGANIZATION**

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents at August 31, 2016 and 2015 is \$16,236 and \$15,918 of certificates of deposit, respectively, with an initial term of less than three months and \$259,982 and \$63,270, 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 WISCONSIN**  
**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 \$300 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 three to five years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

**Fair Value Measurements**

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

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

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets (or liabilities) that the reporting entity has the ability to access at the measurement date.
- Level 2 Inputs: Prices for a similar asset (or liability), other than quoted prices included in Level 1 inputs, that are observable for the asset (or liability), either directly or indirectly. If the asset (or liability) has a specified term, a Level 2 input must be observable for substantially the full term of the asset (or liability).

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

Level 3 Inputs: Unobservable inputs for the asset (or liability) used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset (or liability) at measurement date.

See additional information in Note 3.

**Net Assets**

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

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

**Revenue Recognition**

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discounts is recorded as additional 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 WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

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

	2016	2015
Program - Wish Granting		
Wish Related	\$ 1,814,301	\$ 1,623,218
Professional Services	6,137	-
Rent	17,934	16,584
Other	25,300	12,358
Management and General		
Professional Services	12,482	2,100
Rent	3,573	3,753
Other	5,242	2,561
Fundraising		
Professional Services	4,355	-
Printing, Subscriptions, and Publications	10,586	13,653
Rent	15,899	12,571
Other	17,953	8,769
Total Program and Supported Services Expenses	1,933,762	1,695,567
Direct Benefit Expenses, Netted with Internal Special		
Event Revenue	563,972	506,774
Property and Equipment (Capitalized)	58,018	-
Total	\$ 2,555,752	\$ 2,202,341

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Foundation is a not-for-profit organization exempt from federal income and Wisconsin taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Chapter 181 of the Wisconsin Revenue and Taxation Code. 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.

**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.

**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.

**Deferred Rent**

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$456,799 and \$-0- at August 31, 2016 and 2015, respectively.

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 consolidated 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 tables 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.

**Investments**

**Overall Investment Objective**

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



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

**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value Hierarchy**

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at August 31, 2016:

	Fair Value Measurements at August 31, 2016 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Bonds	\$ 3,466,332	\$ -	\$ -	\$ 3,466,332
Exchange-Traded Funds:				
Domestic Equity	4,615,384	-	-	4,615,384
International Equity	1,163,793	-	-	1,163,793
Equity Securities:				
U.S. Corporate Equity Securities	994,711	-	-	994,711
Total Recurring	<u>\$ 10,240,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,240,220</u>

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at August 31, 2015:

	Fair Value Measurements at August 31, 2015 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Bonds	\$ 3,674,229	\$ -	\$ -	\$ 3,674,229
Exchange-Traded Funds:				
Domestic Equity	4,808,049	-	-	4,808,049
International Equity	1,068,386	-	-	1,068,386
Equity Securities:				
U.S. Corporate Equity Securities	705,265	-	-	705,265
Total Recurring	<u>\$ 10,255,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,255,929</u>

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

**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

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	\$ 236,291	\$ 237,091
Realized and Unrealized Gains (Losses), Net	625,410	(295,921)
Investment Income, Net	\$ 861,701	\$ (58,830)

**NOTE 4 CONTRIBUTIONS RECEIVABLE**

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

	2016	2015
Total Amounts Due in:		
One Year	\$ 814,111	\$ 815,180
Two to Five Years	26,787	12,063
Contributions Receivable, Net	\$ 840,898	\$ 827,243

Management determined that all contributions receivable are fully collectible, therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2016 and 2015.

**NOTE 5 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 \$797,256 and \$755,644, respectively, from these national revenue streams.

As part of the National Organization's Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation contributed \$300,000 during the years August 31, 2016 and 2015.

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 \$263,675 and \$220,157 were paid from the Foundation to the National Organization during the years ended August 31, 2016 and 2015, respectively.

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**NOTE 5 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)**

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 \$5,100 and \$4,800 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	\$ 63,412	\$ 30,454
Due from Other Chapters	-	3,274
Total Due from Related Entities	<u>\$ 63,412</u>	<u>\$ 33,728</u>
Due to Other Chapters	\$ 31,464	\$ 20,227
Total Due to Related Entities	<u>\$ 31,464</u>	<u>\$ 20,227</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 from board members totaling \$38,500 and \$50,720, respectively.

**NOTE 6 PROPERTY AND EQUIPMENT, NET**

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

	<u>2016</u>	<u>2015</u>
Computer Equipment and Software	\$ 110,505	\$ 157,454
Office Furniture	266,485	86,923
Leasehold Improvements	687,303	98,209
	<u>1,064,293</u>	<u>342,586</u>
Less: Accumulated Depreciation and Amortization	(144,851)	(318,991)
Property and Equipment, Net	<u>\$ 919,442</u>	<u>\$ 23,595</u>

Depreciation and amortization expense totaled \$68,849 and \$16,517 for the years ended August 31, 2016 and 2015, respectively.

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**NOTE 7 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 all 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 \$9,962,535.

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 12 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 277 and 253 reportable pending wishes, respectively.

**NOTE 8 LEASES**

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through September 31, 2026. Total rent expense for all operating leases for the years ended August 31, 2016 and 2015 totaled \$119,784 and \$66,257, respectively.

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**NOTE 8 LEASES (CONTINUED)**

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	\$ 111,399
2018	118,281
2019	117,856
2020	120,290
2021 and Following	799,386
Total Minimum Lease Payments	<u>\$ 1,267,212</u>

**NOTE 9 TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2016</u>	<u>2015</u>
Time Restrictions	<u>\$ 688,297</u>	<u>\$ 518,247</u>

**NOTE 10 RETIREMENT PLAN**

The Foundation has a defined board-designated Simplified Employee Pension retirement plan (the Plan). Under the provisions of the Plan, eligible employees receive a distribution at the end of the fiscal year based on Board vote, between 0% and 15% of the employee's gross salary. Foundation contributions to the Plan for the years ended August 31, 2016 and 2015 were \$174,466 and \$161,323, respectively.

**NOTE 11 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 \$1,063,695 were received from two donors for the year ended August 31, 2016 which represents 19% of total public support. In-kind contributions totaling \$1,022,957 were received from two donors for the year ended August 31, 2015 which represents 18% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

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**NOTE 12 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through December 13, 2016, the date at which the financial statements were available to be issued.