

MAKE-A-WISH FOUNDATION® OF MINNESOTA

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2015 AND 2014

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

Board of Directors
Make-A-Wish Foundation® of Minnesota
Minneapolis, Minnesota

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Minnesota, which comprise the statements of financial position as of August 31, 2015 and 2014, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

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 Minnesota as of August 31, 2015 and 2014, and change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
February 1, 2016

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

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 493,362	\$ 618,445
Investments	2,783,506	2,933,274
Due from Related Entities	217,028	104,503
Prepaid Expenses	44,558	22,926
Contributions Receivable, Net	370,545	330,761
Other Assets	5,799	10,748
Property and Equipment, Net	37,489	50,337
Total Assets	\$ 3,952,287	\$ 4,070,994
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 227,263	\$ 158,323
Accrued Pending Wish Costs	2,086,463	1,723,919
Due to Related Entities	6,651	4,969
Other Liabilities	6,523	5,590
Total Liabilities	2,326,900	1,892,801
Net Assets		
Unrestricted	1,237,057	1,811,371
Temporarily Restricted	388,330	366,822
Total Net Assets	1,625,387	2,178,193
Total Liabilities and Net Assets	\$ 3,952,287	\$ 4,070,994

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 4,582,273	\$ 349,695	\$ 4,931,968
Grants	313,410	2,785	316,195
Total Public Support	4,895,683	352,480	5,248,163
Internal Special Events	811,777	35,850	847,627
Less Costs of Direct Benefits to Donors	(236,784)	-	(236,784)
Total Special Events	574,993	35,850	610,843
Investment Loss, Net	(23,231)	-	(23,231)
Other Income	16,751	-	16,751
Net Assets Released from Restrictions	366,822	(366,822)	-
Total Revenues, Gains, and Other Support	5,831,018	21,508	5,852,526
EXPENSES			
Program Services:			
Wish Granting	5,106,653	-	5,106,653
Total Program Services	5,106,653	-	5,106,653
Support Services:			
Fundraising	777,681	-	777,681
Management and General	520,998	-	520,998
Total Support Services	1,298,679	-	1,298,679
Total Program and Support Services Expense	6,405,332	-	6,405,332
Change in Net Assets	(574,314)	21,508	(552,806)
Net Assets - Beginning of Year	1,811,371	366,822	2,178,193
NET ASSETS - END OF YEAR	\$ 1,237,057	\$ 388,330	\$ 1,625,387

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 3,647,339	\$ 289,811	\$ 3,937,150
Grants	169,624	-	169,624
Total Public Support	<u>3,816,963</u>	<u>289,811</u>	<u>4,106,774</u>
Internal Special Events	1,149,864	40,950	1,190,814
Less Costs of Direct Benefits to Donors	(272,788)	-	(272,788)
Total Special Events	<u>877,076</u>	<u>40,950</u>	<u>918,026</u>
Investment Income, Net	223,095	-	223,095
Other Income	12,369	-	12,369
Net Assets Released from Restrictions	<u>217,667</u>	<u>(217,667)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>5,147,170</u>	<u>113,094</u>	<u>5,260,264</u>
EXPENSES			
Program Services:			
Wish Granting	3,815,390	-	3,815,390
Total Program Services	<u>3,815,390</u>	<u>-</u>	<u>3,815,390</u>
Support Services:			
Fundraising	792,400	-	792,400
Management and General	409,434	-	409,434
Total Support Services	<u>1,201,834</u>	<u>-</u>	<u>1,201,834</u>
Total Program and Support Services Expense	<u>5,017,224</u>	<u>-</u>	<u>5,017,224</u>
Change in Net Assets	129,946	113,094	243,040
Net Assets - Beginning of Year	<u>1,681,425</u>	<u>253,728</u>	<u>1,935,153</u>
NET ASSETS - END OF YEAR	<u>\$ 1,811,371</u>	<u>\$ 366,822</u>	<u>\$ 2,178,193</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MINNESOTA
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (552,806)	\$ 243,040
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation and Amortization	22,313	32,132
Bad Debt Expense and Other	4,620	10,600
Net Realized and Unrealized (Gains) Losses on Investments	114,159	(170,680)
Loss on Sale of Property and Equipment	949	-
Contributed Property and Equipment	(5,880)	(4,750)
Change in Attrition on Accrued Pending Wish Costs	545	16,959
Changes in Assets and Liabilities:		
Contributions Receivable	(44,404)	(145,482)
Due from Related Entities	(112,525)	3,012
Prepaid Expenses	(21,632)	7,512
Other Assets	4,949	(3,631)
Accounts Payable and Accrued Expenses	68,940	(105,880)
Accrued Pending Wish Costs	361,999	162,045
Due to Related Entities	1,682	(2,648)
Other Liabilities	933	597
Net Cash Provided by (Used in) Operating Activities	(156,158)	42,826
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(764,067)	(1,752,460)
Proceeds from Sales of Investments	799,676	1,996,892
Purchases of Property and Equipment	(4,534)	(15,538)
Net Cash Provided by Investing Activities	31,075	228,894
Net Increase (Decrease) in Cash and Cash Equivalents	(125,083)	271,720
Cash and Cash Equivalents - Beginning of Year	618,445	346,725
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 493,362	\$ 618,445
SUPPLEMENTAL CASH FLOW INFORMATION		
Donated Property and Equipment	\$ 5,880	\$ 4,750

See accompanying Notes to Financial Statements.

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

	<u>Program Services</u>	<u>Support Services</u>			<u>Total</u>
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 4,170,841	\$ -	\$ -	\$ -	\$ 4,170,841
Salaries, Taxes, and Benefits	587,842	407,232	403,677	810,909	1,398,751
Printing, Subscriptions, and Publications	3,093	40,227	1,366	41,593	44,686
Professional Fees	47,976	37,823	32,921	70,744	118,720
Rent and Utilities	36,020	24,869	24,869	49,738	85,758
Postage and Delivery	5,423	11,829	3,165	14,994	20,417
Travel	7,494	18,937	2,004	20,941	28,435
Meetings and Conferences	68,164	32,137	10,805	42,942	111,106
Office Supplies	51,627	1,971	5,556	7,527	59,154
Communications	4,295	5,531	2,078	7,609	11,904
Advertising and Media (In-Kind)	-	138,496	-	138,496	138,496
Bad Debt	-	4,620	-	4,620	4,620
Repairs and Maintenance	4,695	3,696	3,235	6,931	11,626
Membership Dues	3,363	1,918	522	2,440	5,803
National Partnership Dues	89,348	12,441	11,310	23,751	113,099
Miscellaneous	17,101	29,483	13,019	42,502	59,603
Depreciation and Amortization	9,371	6,471	6,471	12,942	22,313
Total	<u>\$ 5,106,653</u>	<u>\$ 777,681</u>	<u>\$ 520,998</u>	<u>\$ 1,298,679</u>	<u>\$ 6,405,332</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2014

	Program Services	Support Services			Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 2,922,486	\$ -	\$ -	\$ -	\$ 2,922,486
Salaries, Taxes, and Benefits	587,777	393,296	326,388	719,684	1,307,461
Printing, Subscriptions, and Publications	2,184	22,090	1,900	23,990	26,174
Professional Fees	27,071	33,082	13,963	47,045	74,116
Rent and Utilities	36,056	24,038	20,032	44,070	80,126
Postage and Delivery	7,133	12,646	2,233	14,879	22,012
Travel	6,642	15,163	6,399	21,562	28,204
Meetings and Conferences	59,886	94,134	4,584	98,718	158,604
Office Supplies	47,057	2,703	3,581	6,284	53,341
Communications	4,505	5,148	1,824	6,972	11,477
Advertising and Media (In-Kind)	-	118,903	-	118,903	118,903
Repairs and Maintenance	5,782	3,398	2,792	6,190	11,972
Bad Debt Expense	-	10,600	-	10,600	10,600
Membership Dues	1,127	2,160	212	2,372	3,499
National Partnership Dues	79,088	11,153	11,153	22,306	101,394
Miscellaneous	14,137	34,246	6,340	40,586	54,723
Depreciation and Amortization	14,459	9,640	8,033	17,673	32,132
Total	<u>\$ 3,815,390</u>	<u>\$ 792,400</u>	<u>\$ 409,434</u>	<u>\$ 1,201,834</u>	<u>\$ 5,017,224</u>

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents at August 31, 2015 and 2014 is \$112,371 and \$95,728, 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 MINNESOTA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost greater than \$1,000 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 7 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).
- 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 MINNESOTA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

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. The Foundation does not have any permanently restricted net assets at August 31, 2015 and 2014.

Temporarily Restricted Net Assets – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions or law.

Revenue Recognition

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	<u>2015</u>	<u>2014</u>
Contributions:		
Wish Related	\$ 2,072,677	\$ 1,890,232
Professional Services	12,916	2,540
Advertising and Media	130,896	-
Property and Equipment	5,880	4,750
Other	17,904	17,485
Total	<u>\$ 2,240,273</u>	<u>\$ 1,915,007</u>
Special Event Revenue		
Internal Special Events	<u>\$ 86,717</u>	<u>\$ 271,364</u>

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

Program or supporting services expenses were recorded at fair value totaling \$2,234,393 and \$1,910,257 in 2015 and 2014, respectively, with the difference recorded contributed property and equipment.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a not-for-profit organization exempt from federal income and Minnesota income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Minnesota Statute 290.05. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2015 and 2014.

Functional Expenses

The Foundation performs three functions: wish granting, fundraising, and management and general. Definitions of these functions are as follows:

Wish Granting

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

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2015 and 2014, the Foundation incurred 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 MINNESOTA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

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.

NOTE 3 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

The fair values of the financial instruments shown in the following table as of August 31, 2015 and 2014 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

Investments

Overall Investment Objective

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

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

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments (Continued)

Fair Value Hierarchy

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

	Fair Value Measurements at August 31, 2015 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 91,128	\$ -	\$ -	\$ 91,128
International Equity	523,951	-	-	523,951
Exchange-Traded Funds:				
Domestic Equity	176,183	-	-	176,183
Equity Securities:				
U.S. Corporate Equity Securities	700,892	-	-	700,892
Debt Securities:				
U.S. Treasury	-	715,947	-	715,947
U.S. Agency Corporate	-	251,521	-	251,521
Corporate	-	323,884	-	323,884
Total	<u>\$ 1,492,154</u>	<u>\$ 1,291,352</u>	<u>\$ -</u>	<u>\$ 2,783,506</u>

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

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, 2014:

	Fair Value Measurements at August 31, 2014 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 304,737	\$ -	\$ -	\$ 304,737
International Equity	197,294	-	-	197,294
Bonds	333,379	-	-	333,379
Equity Securities:				
U.S. Corporate Equity Securities	783,155	-	-	783,155
Debt Securities:				
U.S. Treasury	-	711,849	-	711,849
Corporate	-	384,610	-	384,610
Residential Mortgage-Backed Securities	-	218,250	-	218,250
Total	\$ 1,618,565	\$ 1,314,709	\$ -	\$ 2,933,274

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

	2015	2014
Interest and Dividend Income	\$ 120,946	\$ 86,776
Realized and Unrealized Gains (Losses), Net	(114,159)	170,680
Less: Investment Expenses	(30,018)	(34,361)
Investment Income (Loss), Net	\$ (23,231)	\$ 223,095

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable as of August 31, 2015 and 2014 were \$370,545, of which 73% is due from two donors, and \$330,761, of which 56% is due from three donors, respectively. All contributions receivable are due within the next 12 months. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2015 and 2014.

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

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, 2015 and 2014, the Foundation received \$1,199,109 and \$973,366, 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 received \$13,000 and \$-0- during the years ended August 31, 2015 and 2014, respectively.

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 or for services it provides to the Foundation. Amounts totaling \$153,448 and \$160,986 were paid from the Foundation to the National Organization during the years ended August 31, 2015 and 2014, 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 \$10,800 and \$7,875 for the years ended August 31, 2015 and 2014, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	<u>2015</u>	<u>2014</u>
Balance at August 31:		
Due from National Organization	\$ 204,425	\$ 99,140
Due from Other Chapters	12,603	5,363
Total Due from Related Entities	<u>\$ 217,028</u>	<u>\$ 104,503</u>
Due to National Organization	\$ 74	\$ -
Due to Other Chapters	6,577	4,969
Total Due to Related Entities	<u>\$ 6,651</u>	<u>\$ 4,969</u>

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

NOTE 5 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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

During 2015 and 2014 the Foundation received contributions, both cash and in-kind, from board members and employees totaling \$412,082 and \$91,029, respectively.

NOTE 6 PROPERTY AND EQUIPMENT, NET

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

	2015	2014
Computer Equipment and Software	\$ 92,542	\$ 86,860
Office Furniture	33,193	37,774
Leasehold Improvements	33,484	33,484
	<u>159,219</u>	<u>158,118</u>
Less Accumulated Depreciation and Amortization	(121,730)	(107,781)
Property and Equipment, Net	<u>\$ 37,489</u>	<u>\$ 50,337</u>

Depreciation and amortization expense totaled \$22,313 and \$32,132 for the years ended August 31, 2015 and 2014, respectively.

NOTE 7 ACCRUED PENDING WISH COSTS

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

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

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NOTE 7 ACCRUED PENDING WISH COSTS (CONTINUED)

Estimated cash and in-kind costs owed as of year end for all reportable pending wishes are accrued as pending wish liability. The in-kind portion of the pending wish liability represents the estimated in-kind outlay that is expected to be incurred in fulfilling each wish; note that the matching in-kind revenues are recognized when an unconditional promise is received for the required goods or services or in the future period when the wish is granted.

The Foundation, as part of its estimate of accrued pending wish costs, also considers attrition on pending wish costs. An attrition rate is calculated by the Foundation by analyzing the trend of wishes that have been accrued for using the five criteria discussed above that have not been able to be completed within the past twelve months due to factors outside of the control of the chapter, such as the death of a child, the move of the family out of the chapter's territory, or loss of contact with the family. As of August 31, 2015 and 2014, the Foundation had approximately 207 and 293 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 June 30, 2018. Total rent expense for all operating leases for the years ended August 31, 2015 and 2014 totaled \$46,925 and \$38,014, 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>	
2016	\$ 46,730
2017	46,730
2018	23,365
Total	<u>\$ 116,825</u>

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2015</u>	<u>2014</u>
Time Restrictions	\$ 166,039	\$ 174,450
Purpose Restrictions	222,291	192,372
Total Temporarily Restricted Net Assets	<u>\$ 388,330</u>	<u>\$ 366,822</u>

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NOTE 10 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 4% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2015 and 2014 were \$31,720 and \$29,986, 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 \$710,474 and \$556,078 were received from a single donor for the years ended August 31, 2015 and 2014, respectively, which represents 14%, of both years, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 12 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through February 1, 2016, the date at which the financial statements were available to be issued.