

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

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

Board of Directors
Make-A-Wish Foundation® of Utah
Murray, Utah

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Utah, 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 Utah

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 Utah 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

Denver, Colorado
January 12, 2017

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

	2016	2015
ASSETS		
ASSETS		
Cash and Cash Equivalents	\$ 601,184	\$ 375,846
Investments	83,772	80,476
Due from Related Entities	65,214	66,358
Prepaid Expenses	17,834	20,192
Contributions Receivable, Net	233,038	228,320
Other Assets	50,828	11,296
Restricted Cash	6,804	24,800
Property and Equipment, Net	1,968,583	2,026,840
Beneficial Interest in Assets Held by Others	69,454	65,646
Total Assets	\$ 3,096,711	\$ 2,899,774
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 201,386	\$ 116,094
Accrued Pending Wish Costs - Cash	443,543	471,896
Accrued Pending Wish Costs - In Kind	433,013	607,152
Due to Related Entities	30,284	5,895
Other Liabilities	35,000	70,000
Deferred Rent	7,722	6,093
Capital Lease Obligation	15,733	26,374
Total Liabilities	1,166,681	1,303,504
NET ASSETS		
Unrestricted	1,620,847	1,277,503
Temporarily Restricted	256,608	266,192
Permanently Restricted	52,575	52,575
Total Net Assets	1,930,030	1,596,270
Total Liabilities and Net Assets	\$ 3,096,711	\$ 2,899,774

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2015 Total
REVENUES, GAINS, AND OTHER SUPPORT					
Public Support:					
Contributions	\$ 2,288,630	\$ 227,924	\$ -	\$ 2,516,554	\$ 1,992,887
Grants	624,528	5,000	-	629,528	436,272
Total Public Support	<u>2,913,158</u>	<u>232,924</u>	<u>-</u>	<u>3,146,082</u>	<u>2,429,159</u>
Internal Special Events	399,581	5,000	-	404,581	384,815
Less Costs of Direct Benefits to Donors	(121,422)	-	-	(121,422)	(155,783)
Total Special Events	<u>278,159</u>	<u>5,000</u>	<u>-</u>	<u>283,159</u>	<u>229,032</u>
Investment Income (Loss), Net	3,018	3,808	-	6,826	(7,398)
Other Income	1,801	-	-	1,801	3,000
Net Assets Released from Restrictions	251,316	(251,316)	-	-	-
Total Revenues, Gains, and Other Support	<u>3,447,452</u>	<u>(9,584)</u>	<u>-</u>	<u>3,437,868</u>	<u>2,653,793</u>
EXPENSES					
Program Services:					
Wish Granting	2,507,504	-	-	2,507,504	2,765,524
Total Program Services	<u>2,507,504</u>	<u>-</u>	<u>-</u>	<u>2,507,504</u>	<u>2,765,524</u>
Support Services:					
Fundraising	336,264	-	-	336,264	272,853
Management and General	260,340	-	-	260,340	241,683
Total Support Services	<u>596,604</u>	<u>-</u>	<u>-</u>	<u>596,604</u>	<u>514,536</u>
Total Program and Support Services Expense	<u>3,104,108</u>	<u>-</u>	<u>-</u>	<u>3,104,108</u>	<u>3,280,060</u>
Total Expenses and Losses	<u>3,104,108</u>	<u>-</u>	<u>-</u>	<u>3,104,108</u>	<u>3,280,060</u>
Change in Net Assets	343,344	(9,584)	-	333,760	(626,267)
Net Assets - Beginning of Year	1,277,503	266,192	52,575	1,596,270	2,222,537
NET ASSETS - END OF YEAR	<u>\$ 1,620,847</u>	<u>\$ 256,608</u>	<u>\$ 52,575</u>	<u>\$ 1,930,030</u>	<u>\$ 1,596,270</u>

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Public Support:				
Contributions	\$ 1,765,067	\$ 227,820	\$ -	\$ 1,992,887
Grants	426,747	9,525	-	436,272
Total Public Support	<u>2,191,814</u>	<u>237,345</u>	<u>-</u>	<u>2,429,159</u>
Internal Special Events	384,815	-	-	384,815
Less Costs of Direct Benefits to Donors	(155,783)	-	-	(155,783)
Total Special Events	<u>229,032</u>	<u>-</u>	<u>-</u>	<u>229,032</u>
Investment Loss, Net	(4,693)	(2,705)	-	(7,398)
Other Income	3,000	-	-	3,000
Net Assets Released from Restrictions	<u>336,757</u>	<u>(336,757)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>2,755,910</u>	<u>(102,117)</u>	<u>-</u>	<u>2,653,793</u>
EXPENSES				
Program Services:				
Wish Granting	2,765,524	-	-	2,765,524
Total Program Services	<u>2,765,524</u>	<u>-</u>	<u>-</u>	<u>2,765,524</u>
Support Services:				
Fundraising	272,853	-	-	272,853
Management and General	241,683	-	-	241,683
Total Support Services	<u>514,536</u>	<u>-</u>	<u>-</u>	<u>514,536</u>
Total Program and Support Services Expense	<u>3,280,060</u>	<u>-</u>	<u>-</u>	<u>3,280,060</u>
Total Expenses and Losses	<u>3,280,060</u>	<u>-</u>	<u>-</u>	<u>3,280,060</u>
Change in Net Assets	(524,150)	(102,117)	-	(626,267)
Net Assets - Beginning of Year	<u>1,801,653</u>	<u>368,309</u>	<u>52,575</u>	<u>2,222,537</u>
NET ASSETS - END OF YEAR	<u>\$ 1,277,503</u>	<u>\$ 266,192</u>	<u>\$ 52,575</u>	<u>\$ 1,596,270</u>

See accompanying Notes to Financial Statements.

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

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 333,760	\$ (626,267)
Adjustments to reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	80,092	80,325
Net Realized and Unrealized (Gains) Losses on Investments	(1,298)	13,031
Contributed Property and Equipment, Inventory and Investments	(57,373)	(11,795)
Changes in Assets and Liabilities:		
Contributions Receivable	(4,718)	8,156
Due from Related Entities	1,144	33,936
Prepaid Expenses	2,358	(15,735)
Other Assets	16,791	1,216
Accounts Payable and Accrued Expenses	85,292	25,212
Accrued Pending Wish Costs	(202,492)	385,680
Due to Related Entities	24,389	2,900
Other Liabilities	(35,000)	70,000
Deferred Rent	1,629	6,093
Net Cash Provided (Used) by Operating Activities	244,574	(27,248)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(11,270)	(5,918)
Proceeds from Sales of Investments	5,464	2,833
Purchases of Property and Equipment	(20,785)	(49,196)
Change in Restricted Cash	17,996	45,257
Net Cash Used by Investing Activities	(8,595)	(7,024)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligation	(10,641)	(9,704)
Net Cash Used by Financing Activities	(10,641)	(9,704)
 Net Increase (Decrease) in Cash and Cash Equivalents	225,338	(43,976)
 Cash and Cash Equivalents - Beginning of Year	375,846	419,822
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 601,184	\$ 375,846

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF UTAH
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	\$ 1,866,250	\$ -	\$ -	\$ -	\$ 1,866,250
Salaries, Taxes, and Benefits	436,696	142,925	212,736	355,661	792,357
Printing, Subscriptions, and Publications	2,789	33,796	1,106	34,902	37,691
Professional Fees	4,624	12,463	1,834	14,297	18,921
Rent and Utilities	29,317	3,759	3,989	7,748	37,065
Postage and Delivery	2,261	2,024	581	2,605	4,866
Travel	10,494	8,842	3,397	12,239	22,733
Meetings and Conferences	11,716	12,410	2,502	14,912	26,628
Office Supplies	5,618	7,323	970	8,293	13,911
Communications	4,332	1,395	1,689	3,084	7,416
Advertising and Media (In-Kind)	-	60,165	-	60,165	60,165
Repairs and Maintenance	27,587	15,924	6,022	21,946	49,533
Membership Dues	409	3,888	83	3,971	4,380
National Partnership Dues	36,848	17,059	14,330	31,389	68,237
Miscellaneous	5,591	6,255	2,017	8,272	13,863
Depreciation and Amortization	62,972	8,036	9,084	17,120	80,092
	<u>\$ 2,507,504</u>	<u>\$ 336,264</u>	<u>\$ 260,340</u>	<u>\$ 596,604</u>	<u>\$ 3,104,108</u>

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services			Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 2,177,697	\$ -	\$ -	\$ -	\$ 2,177,697
Salaries, Taxes, and Benefits	368,315	136,759	205,392	342,151	710,466
Printing, Subscriptions, and Publications	6,249	12,364	1,850	14,214	20,463
Professional Fees	12,432	7,508	3,810	11,318	23,750
Rent and Utilities	35,864	4,073	3,540	7,613	43,477
Postage and Delivery	2,458	3,569	614	4,183	6,641
Travel	4,027	9,131	887	10,018	14,045
Meetings and Conferences	7,793	14,214	1,074	15,288	23,081
Office Supplies	5,358	9,675	825	10,500	15,858
Communications	10,189	3,122	3,122	6,244	16,433
Advertising and Media (In-Kind)	-	41,000	-	41,000	41,000
Repairs and Maintenance	14,873	7,446	4,134	11,580	26,453
Membership Dues	445	2,424	156	2,580	3,025
National Partnership Dues	45,261	6,302	5,729	12,031	57,292
Miscellaneous	10,069	7,001	2,984	9,985	20,054
Depreciation and Amortization	64,494	8,265	7,566	15,831	80,325
	<u>\$ 2,765,524</u>	<u>\$ 272,853</u>	<u>\$ 241,683</u>	<u>\$ 514,536</u>	<u>\$ 3,280,060</u>

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Utah (the Foundation) is a Utah 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 are \$89,647 and \$89,930, 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. All contributions receivable at August 31, 2016 are expected to be fully realizable within one year.

Restricted Cash

Restricted cash refers to the unexpended portion of support received that has been restricted by the donor for a specific purpose. These restrictions are for program expenditures and operational support.

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. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

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. The building is being depreciated over an estimated life of forty years. 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.

See additional information in Note 3.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

- **Permanently restricted net assets** – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for program or 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 UTAH
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:

	<u>Support Services</u>			<u>2016 Total</u>
	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	
Program and Support Service Expenses				
Wish Related	\$ 1,095,555	\$ -	\$ -	\$ 1,095,555
Professional Services	-	13,000	-	13,000
Advertising and Media	-	60,165	-	60,165
Other	13,371	5,149	2,233	20,753
Total Program and Supported Service Expenses	1,108,926	78,314	2,233	1,189,473
Direct Benefit Expenses, Netted with Special Event Revenue	28,516	-	-	28,516
Total	<u>\$ 1,137,442</u>	<u>\$ 78,314</u>	<u>\$ 2,233</u>	1,217,989
Inventory (Asset)				56,323
Property and Equipment (Capitalized)				1,050
Total				<u>\$ 1,275,362</u>

	<u>Support Services</u>			<u>2015 Total</u>
	<u>Programs</u>	<u>Fundraising</u>	<u>Management and General</u>	
Program and Support Service Expenses				
Wish Related	\$ 765,946	\$ -	\$ -	\$ 765,946
Professional Services	-	6,013	-	6,013
Advertising and Media	-	41,000	-	41,000
Other	16,904	9,885	2,736	29,525
Total Program and Supported Service Expenses	782,850	56,898	2,736	842,484
Direct Benefit Expenses, Netted with Special Event Revenue	97,207	-	-	97,207
Total	<u>\$ 880,057</u>	<u>\$ 56,898</u>	<u>\$ 2,736</u>	939,691
Investments (Asset)				2,946
Property and Equipment (Capitalized)				8,849
Total				<u>\$ 951,486</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 for 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 UTAH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

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 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 and fundraising expense when received. 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 totaled \$60,165 and \$41,000 for the years ended August 31, 2016 and 2015, respectively.

Income Taxes

The Foundation is a not-for-profit organization exempt from federal income and Utah income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 59-7-102 of the Utah 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. The Foundation files income tax returns in the U.S. federal jurisdiction.

Functional Expenses

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

Wish Granting

Activities performed by the Foundation in granting wishes to children with life-threatening medical conditions.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2016 and 2015, the Foundation incurred no significant joint costs for activities that include 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, 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 UTAH
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 2015 financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets or change in 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.

Fair Value of Financial Instruments

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

MAKE-A-WISH FOUNDATION® OF UTAH
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:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 24,133	\$ -	\$ -	\$ 24,133
International Equity	7,911	-	-	7,911
Global	9,378	-	-	9,378
Asset Allocation	4,598	-	-	4,598
Commodities	1,631	-	-	1,631
Bonds	36,121	-	-	36,121
Alternative Investments:				
Beneficial Interest in Assets Held by Others	-	-	69,454	69,454
Total	<u>\$ 83,772</u>	<u>\$ -</u>	<u>\$ 69,454</u>	<u>\$ 153,226</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:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 24,397	\$ -	\$ -	\$ 24,397
International Equity	7,601	-	-	7,601
Global	8,594	-	-	8,594
Money Market Funds	29	-	-	29
Real Estate	4,464	-	-	4,464
Bonds	35,391	-	-	35,391
Alternative Investments:				
Beneficial Interest in Assets Held by Others	-	-	65,646	65,646
Total	<u>\$ 80,476</u>	<u>\$ -</u>	<u>\$ 65,646</u>	<u>\$ 146,122</u>

MAKE-A-WISH FOUNDATION® OF UTAH
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (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	\$ 7,092	\$ 7,273
Realized and Unrealized Gains (Losses), Net	1,298	(13,031)
Less Investment Expenses	(1,564)	(1,640)
Investment Income, Net	<u>\$ 6,826</u>	<u>\$ (7,398)</u>

NOTE 4 CONTRIBUTIONS RECEIVABLE

All contributions receivable are due within the next twelve months. 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 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Beneficial Interest in Assets Held by Others

In fiscal years 2010, 2011, and 2012, the Foundation transferred donor-restricted endowment funds of \$25,000, \$15,200, and \$12,375, respectively, to the Community Foundation of Utah (CFU). Proceeds from endowment funds are restricted by the donors for use in granting wishes. Distributions of income may be made annually, or more frequently, in accordance with the spending policy established by the Board of the CFU. The Foundation has not yet requested distributions from the trust in an effort to grow the value of the account.

The Foundation's beneficial interest in the trust was \$69,454 and \$65,646 as of August 31, 2016 and 2015, respectively. The Foundation used significant unobservable inputs including information from owner-to-owner transactions and the Foundation's own assumptions (Level 3).

The following table presents a rollforward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the years ended August 31, 2016 and 2015:

	<u>(Level 3)</u>
Balance, August 31, 2014	\$ 68,351
Total Losses (Realized/Unrealized) Included in Changes in Net Assets	<u>(2,705)</u>
Balance, August 31, 2015	65,646
Total Gains (Realized/Unrealized) Included in Changes in Net Assets	3,808
Balance, August 31, 2016	<u>\$ 69,454</u>

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NOTE 6 TRANSACTIONS WITH RELATED ENTITIES

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

	2016	2015
Corporate, Online, Whitemail and General Contributions	\$ 321,106	\$ 259,026
Grants	-	5,799
Scholarships	8,275	10,473
Wish Fulfillment Fund	25,000	12,500
Other	65,673	-
Total Distributions Received	<u>\$ 420,054</u>	<u>\$ 287,798</u>

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

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

	2016	2015
Partnership Dues	\$ 68,237	\$ 57,292
Insurance	-	3,593
Other	-	4,728
Total Amounts Paid	<u>\$ 68,237</u>	<u>\$ 65,613</u>

Chapters who assist with the organization and granting of wishes from other chapters are paid a “fee for service” called the wish assist fee. Under this program, the Foundation received \$1,800 and \$3,000 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 as of August 31:

	2016	2015
Due from National Organization	\$ 65,214	\$ 66,358
Total Due from Related Entities	<u>\$ 65,214</u>	<u>\$ 66,358</u>
Due to National Organization	\$ 20,483	\$ -
Due to Other Chapters	9,801	5,895
Total Due to Related Entities	<u>\$ 30,284</u>	<u>\$ 5,895</u>

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

During 2016 and 2015, the Foundation received contributions, both cash and in-kind, from board members totaling \$34,975 and \$32,208, respectively.

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NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2016	2015
Land	\$ 450,249	\$ 450,249
Buildings and Building Improvements	2,102,988	2,100,288
Computer Equipment and Software	65,939	64,739
Office Furniture	117,859	99,924
Other Equipment	90,808	90,808
	<u>2,827,843</u>	<u>2,806,008</u>
Less: Accumulated Depreciation and Amortization	(859,260)	(779,168)
Property and Equipment, Net	<u>\$ 1,968,583</u>	<u>\$ 2,026,840</u>

Depreciation and amortization expense totaled \$80,092 and \$80,325 for the years ended August 31, 2016 and 2015, 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 owed as of year-end for all reportable pending wishes are accrued as pending wish liability. The in-kind portion of the pending wish liability includes the estimated in-kind outlay that is expected to be incurred in fulfilling each wish even though the matching in-kind revenues are not recognized until the in-kind goods or services, or an unconditional promise for those in-kind goods or services, are received. Although not fully guaranteed, if the related expected in-kind revenue were recognized in the same fiscal period as the expected in-kind expense, total net assets at August 31, 2016 would be \$2,271,709.

The Foundation, as part of its estimate of accrued pending wish costs, also considers attrition on pending wish costs. An attrition rate is calculated by the Foundation by analyzing the trend of wishes that have been accrued for using the five criteria discussed above that have not been able to be completed within the past twelve months due to factors outside of the control of the chapter, such as the death of a child, the move of the family out of the chapter's territory, or loss of contact with the family. As of August 31, 2016 and 2015, the Foundation had approximately 101 and 116 reportable pending wishes, respectively.

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NOTE 9 LEASES

The Foundation is obligated under various capital and operating leases for equipment, which expire at various dates through September 30, 2019. As of August 31, 2016 and 2015, the cost of leased property and equipment under capital leases was \$52,352, and accumulated depreciation was \$39,056 and \$28,817, respectively. Total rent expense for all operating leases for the years ended August 31, 2016 and 2015 totaled \$6,639 and \$2,341, respectively.

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

	Operating Lease	Capital Lease
<u>Year Ending August 31:</u>		
2017	\$ 9,774	\$ 12,664
2018	9,774	4,211
2019	9,774	-
2020	1,629	-
Total Minimum Lease Payments	30,951	16,875
Less Amounts Representing Interest	-	(1,142)
Present Value of Net Minimum Lease Payments	\$ 30,951	\$ 15,733

NOTE 10 ENDOWMENTS

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 held by the Community Foundation of Utah, established for wish granting purposes, utilizing donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets are reflected as investments held for long-term purposes on the statements of financial position.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Utah 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.

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NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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 asset composition by type of fund as of August 31, 2016 and 2015 is as follows:

		2016			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds		\$ -	\$ 16,879	\$ 52,575	\$ 69,454
Total Funds		\$ -	\$ 16,879	\$ 52,575	\$ 69,454

		2015			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds		\$ -	\$ 13,071	\$ 52,575	\$ 65,646
Total Funds		\$ -	\$ 13,071	\$ 52,575	\$ 65,646

MAKE-A-WISH FOUNDATION® OF UTAH
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NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ -	\$ 13,071	\$ 52,575	\$ 65,646
Investment Return:				
Investment Income	-	1,685	-	1,685
Net Appreciation (Realized and Unrealized)	-	2,123	-	2,123
Total Investment Return	-	3,808	-	3,808
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 16,879</u>	<u>\$ 52,575</u>	<u>\$ 69,454</u>
	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ -	\$ 15,776	\$ 52,575	\$ 68,351
Investment Return:				
Investment Income	-	1,457	-	1,457
Net Depreciation (Realized and Unrealized)	-	(4,162)	-	(4,162)
Total Investment Return	-	(2,705)	-	(2,705)
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 13,071</u>	<u>\$ 52,575</u>	<u>\$ 65,646</u>

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

	2016	2015
Permanently Restricted Net Assets:		
The Portion of Perpetual Endowment Funds that is Required to be Retained Permanently Either by Explicit Donor Stipulation or by UPMIFA	<u>\$ 52,575</u>	<u>\$ 52,575</u>
Temporarily Restricted Net Assets:		
The Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA:		
With Purpose Restrictions	<u>\$ 16,879</u>	<u>\$ 13,071</u>
Total Endowment Funds Classified as Temporarily Restricted Net Assets	<u>\$ 16,879</u>	<u>\$ 13,071</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 are no fund deficiencies as of August 31, 2016 and 2015.

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NOTE 10 ENDOWMENTS (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 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). Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 3% annually. Actual returns in any given year may vary from this amount.

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 has a policy of appropriating for distribution each year only that portion of the investment income accrued during the period that does not put the principal in jeopardy. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 11 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	2016	2015
Time Restrictions	\$ 249,804	\$ 241,392
Purpose Restrictions	6,804	24,800
Total Temporarily Restricted Net Assets	<u>\$ 256,608</u>	<u>\$ 266,192</u>

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

	2016	2015
Investments in Perpetuity, the Income from which is Expendable to Support Any Activities of the Foundation	<u>\$ 52,575</u>	<u>\$ 52,575</u>

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NOTE 12 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation after the first \$5,000 earned. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 3% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2016 and 2015 were \$13,870 and \$10,669, 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 \$792,639 were received from two donors for the year ended August 31, 2016 and \$486,657 were received from a single donor for the year ended August 31, 2015, which represents 25% and 20% respectively, of total public support. In addition, \$500,000 of grant funding was received from two donors in the amount of \$250,000 each for the year ended August 31, 2016 and from a single donor in the amount of \$250,000 for the year ended August 31, 2015, which represents 16% and 10% 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 January 12, 2017, the date at which the financial statements were available to be issued.