

**MAKE-A-WISH FOUNDATION® OF ALASKA  
AND WASHINGTON**

**FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2015 AND 2014**

**MAKE-A-WISH FOUNDATION® OF ALASKA AND WASHINGTON  
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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Make-A-Wish Foundation® of Alaska and Washington  
Seattle, Washington

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Alaska and Washington, 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 audit. 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 Trustees  
Make-A-Wish Foundation® of Alaska and Washington

***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 Alaska and Washington 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**

Bellevue, Washington  
December 8, 2015

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

	2015	2014
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 317,143	\$ 196,586
Investments	2,891,399	3,476,131
Due from Related Entities	86,317	246,216
Prepaid Expenses	44,683	27,404
Contributions Receivable, Net	1,476,725	1,517,002
Other Assets	25,096	16,746
Investments Held for Long-Term Purposes	38,148	38,148
Property and Equipment, Net	171,101	175,887
Total Assets	\$ 5,050,612	\$ 5,694,120
 <b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable and Accrued Expenses	\$ 275,329	\$ 270,113
Accrued Pending Wish Costs	2,640,003	2,049,701
Due to Related Entities	41,041	24,355
Deferred Revenue	117,201	-
Deferred Rent	21,937	17,199
Capital Lease Obligations	35,215	41,972
Total Liabilities	3,130,726	2,403,340
 <b>NET ASSETS</b>		
Unrestricted	250,186	1,731,682
Temporarily Restricted	1,631,552	1,520,950
Permanently Restricted	38,148	38,148
Total Net Assets	1,919,886	3,290,780
Total Liabilities and Net Assets	\$ 5,050,612	\$ 5,694,120

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Public Support:				
Contributions, Net of Write-Offs	\$ 4,728,414	\$ 1,229,756	\$ -	\$ 5,958,170
Grants	233,149	62,496	-	295,645
Total Public Support	4,961,563	1,292,252	-	6,253,815
Internal Special Events	2,074,577	147,121	-	2,221,698
Less Costs of Direct Benefits to Donors	(641,676)	-	-	(641,676)
Total Special Events	1,432,901	147,121	-	1,580,022
Investment Loss	(126,450)	-	-	(126,450)
Other Income	21,444	460	-	21,904
Net Assets Released from Restrictions	1,329,231	(1,329,231)	-	-
Total Revenues, Gains, and Other Support	7,618,689	110,602	-	7,729,291
<b>EXPENSES</b>				
Program Services:				
Wish Granting	5,726,138	-	-	5,726,138
Program-Related Support	428,412	-	-	428,412
Training and Development	126,762	-	-	126,762
Public Information	572,289	-	-	572,289
Total Program Services	6,853,601	-	-	6,853,601
Support Services:				
Fundraising	1,329,186	-	-	1,329,186
Management and General	917,398	-	-	917,398
Total Support Services	2,246,584	-	-	2,246,584
Total Program and Support Services Expense	9,100,185	-	-	9,100,185
<b>CHANGE IN NET ASSETS</b>	(1,481,496)	110,602	-	(1,370,894)
Net Assets - Beginning of Year	1,731,682	1,520,950	38,148	3,290,780
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 250,186</u>	<u>\$ 1,631,552</u>	<u>\$ 38,148</u>	<u>\$ 1,919,886</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF ALASKA AND WASHINGTON**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2014**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Public Support:				
Contributions, Net of Write-Offs	\$ 4,529,874	\$ 1,330,533	\$ -	\$ 5,860,407
Grants	339,130	-	-	339,130
Total Public Support	4,869,004	1,330,533	-	6,199,537
Internal Special Events	1,745,173	332,048	-	2,077,221
Less Costs of Direct Benefits to Donors	(578,310)	-	-	(578,310)
Total Special Events	1,166,863	332,048	-	1,498,911
Investment Income	428,367	-	-	428,367
Other Income	21,151	460	-	21,611
Net Assets Released from Restrictions	1,418,760	(1,418,760)	-	-
Total Revenues, Gains, and Other Support	7,904,145	244,281	-	8,148,426
<b>EXPENSES</b>				
Program Services:				
Wish Granting	4,687,209	-	-	4,687,209
Program-Related Support	613,053	-	-	613,053
Training and Development	140,064	-	-	140,064
Public Information	513,741	-	-	513,741
Total Program Services	5,954,067	-	-	5,954,067
Support Services:				
Fundraising	1,253,205	-	-	1,253,205
Management and General	788,081	-	-	788,081
Total Support Services	2,041,286	-	-	2,041,286
Total Program and Support Services Expense	7,995,353	-	-	7,995,353
<b>CHANGE IN NET ASSETS</b>	(91,208)	244,281	-	153,073
Net Assets - Beginning of Year	1,822,890	1,276,669	38,148	3,137,707
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,731,682</u>	<u>\$ 1,520,950</u>	<u>\$ 38,148</u>	<u>\$ 3,290,780</u>

See accompanying Notes to Financial Statements.

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

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (1,370,894)	\$ 153,073
Adjustments to Reconcile Change in Net Assets to Net Cash		
Used by Operating Activities:		
Depreciation and Amortization	70,600	60,857
Bad Debt Expense	(4,555)	25,947
Net Realized and Unrealized (Gains) Losses on Investments	126,450	(258,322)
Change in Discount to Present Value of Contributions Receivable	(3,032)	8,689
Changes in Assets and Liabilities:		
Contributions Receivable	47,864	(269,457)
Due from Related Entities	159,899	(152,358)
Prepaid Expenses	(17,279)	(14,473)
Other Assets	(8,350)	2,506
Accounts Payable and Accrued Expenses	5,216	12,834
Accrued Pending Wish Costs	590,302	377,002
Due to Related Entities	16,686	(15,387)
Deferred Revenue	117,201	-
Deferred Rent	4,738	12,946
Net Cash Used by Operating Activities	(265,154)	(56,143)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(220,718)	(312,097)
Proceeds from Sales of Investments	679,000	503,692
Purchases of Property and Equipment	(58,901)	(102,992)
Net Cash Provided by Investing Activities	399,381	88,603
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease Obligations	(13,670)	(14,129)
Net Cash Used by Financing Activities	(13,670)	(14,129)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	120,557	18,331
Cash and Cash Equivalents - Beginning of Year	196,586	178,255
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 317,143	\$ 196,586

See accompanying Notes to Financial Statements.



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

	Program Services				Support Services				Total
	Wish Granting	Program-Related Support	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 5,116,786	\$ -	\$ -	\$ -	\$ 5,116,786	\$ -	\$ -	\$ -	\$ 5,116,786
Salaries, Taxes, and Benefits	609,352	-	84,068	304,112	997,532	749,469	702,956	1,452,425	2,449,957
Printing, Subscriptions, and Publications	-	3,520	-	48,584	52,104	82,896	8,801	91,697	143,801
Professional Fees	-	58,896	10,154	62,677	131,727	56,865	50,774	107,639	239,366
Rent and Utilities	-	83,059	14,320	37,233	134,612	80,195	71,603	151,798	286,410
Postage and Delivery	-	6,063	881	2,569	9,513	12,605	5,331	17,936	27,449
Travel	-	31,812	483	1,302	33,597	3,989	2,568	6,557	40,154
Meetings and Conferences	-	27,159	568	3,238	30,965	51,929	8,712	60,641	91,606
Office Supplies	-	21,551	1,403	4,030	26,984	18,413	8,289	26,702	53,686
Communications	-	9,323	1,607	4,179	15,109	9,001	8,036	17,037	32,146
Advertising and Media (Cash)	-	-	-	38,967	38,967	-	-	-	38,967
Advertising and Media (In-Kind)	-	-	-	35,000	35,000	189,400	-	189,400	224,400
Repairs and Maintenance	-	9,741	1,679	4,366	15,786	9,405	8,398	17,803	33,589
Bad Debt	-	-	-	-	-	-	(4,555)	(4,555)	(4,555)
Membership Dues	-	5,101	844	2,327	8,272	8,370	4,662	13,032	21,304
Volunteer Training	-	-	7,111	-	7,111	-	-	-	7,111
National Partnership Dues	-	149,301	-	-	149,301	20,789	18,899	39,688	188,989
Miscellaneous	-	2,412	114	14,527	17,053	16,092	5,274	21,366	38,419
Depreciation and Amortization	-	20,474	3,530	9,178	33,182	19,768	17,650	37,418	70,600
<b>Total</b>	<b>\$ 5,726,138</b>	<b>\$ 428,412</b>	<b>\$ 126,762</b>	<b>\$ 572,289</b>	<b>\$ 6,853,601</b>	<b>\$ 1,329,186</b>	<b>\$ 917,398</b>	<b>\$ 2,246,584</b>	<b>\$ 9,100,185</b>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF ALASKA AND WASHINGTON**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2014**

	Program Services				Support Services				Total
	Wish Granting	Program-Related Support	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 4,330,121	\$ -	\$ -	\$ -	\$ 4,330,121	\$ -	\$ -	\$ -	\$ 4,330,121
Salaries, Taxes, and Benefits	357,088	249,980	97,729	273,658	978,455	731,288	590,972	1,322,260	2,300,715
Printing, Subscriptions, and Publications	-	4,324	721	35,104	40,149	62,492	5,766	68,258	108,407
Professional Fees	-	43,817	7,303	69,613	120,733	42,356	35,053	77,409	198,142
Rent and Utilities	-	70,900	11,817	28,360	111,077	68,537	56,720	125,257	236,334
Postage and Delivery	-	5,657	866	2,520	9,043	14,017	4,548	18,565	27,608
Travel	-	24,509	568	1,539	26,616	6,855	2,883	9,738	36,354
Meetings and Conferences	-	24,897	1,044	4,417	30,358	44,923	6,710	51,633	81,991
Office Supplies	-	20,156	1,632	4,580	26,368	22,946	8,424	31,370	57,738
Communications	-	9,715	1,619	3,886	15,220	9,391	7,772	17,163	32,383
Advertising and Media (Cash)	-	-	-	58,666	58,666	-	-	-	58,666
Advertising and Media (In-Kind)	-	-	-	9,478	9,478	188,710	-	188,710	198,188
Repairs and Maintenance	-	6,392	1,065	2,557	10,014	6,179	5,113	11,292	21,306
Bad Debt	-	-	-	-	-	-	25,947	25,947	25,947
Membership Dues	-	4,917	816	2,117	7,850	7,976	4,057	12,033	19,883
Volunteer Training	-	-	11,454	-	11,454	-	-	-	11,454
National Partnership Dues	-	124,825	-	-	124,825	17,604	17,604	35,208	160,033
Miscellaneous	-	4,707	387	9,943	15,037	12,283	1,906	14,189	29,226
Depreciation and Amortization	-	18,257	3,043	7,303	28,603	17,648	14,606	32,254	60,857
<b>Total</b>	<b>\$ 4,687,209</b>	<b>\$ 613,053</b>	<b>\$ 140,064</b>	<b>\$ 513,741</b>	<b>\$ 5,954,067</b>	<b>\$ 1,253,205</b>	<b>\$ 788,081</b>	<b>\$ 2,041,286</b>	<b>\$ 7,995,353</b>

See accompanying Notes to Financial Statements.

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

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of Alaska and Washington (the Foundation) is a Washington nonprofit 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 nonprofit 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.

**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. For the year ending August 31, 2015, contributions receivable include pledges that have been discounted at rates ranging between 1.5% to 10.3%.

**Property and Equipment, Net**

Property and equipment having a unit cost greater than \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on

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

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

**Property and Equipment, Net (Continued)**

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.

See additional information in Note 3.

**MAKE-A-WISH FOUNDATION® OF ALASKA AND WASHINGTON**  
**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.
- **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 discount 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.

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

	2015	2014
Contributions:		
Wish Related	\$ 2,552,345	\$ 2,421,491
Professional Services and Other Donations	135,723	116,112
Advertising and Media	224,400	198,188
Property and Equipment	15,722	58,408
Total	\$ 2,928,190	\$ 2,794,199
Special Event Revenue		
Internal Special Events	\$ 347,580	\$ 290,425

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

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

**Revenue Recognition (Continued)**

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, beverages, facility costs, and auction items.

Program or supporting services expenses were recorded at fair value totaling \$3,763,964 and \$3,090,537 in 2015 and 2014, respectively, with the difference recorded as other assets representing primarily auction items received and not yet sold or in-kind expenses related to the pending wish liability.

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 or public information [if allocated as a joint cost] expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

**Income Taxes**

The Foundation is a nonprofit organization exempt from federal income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3). 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 six functions: wish granting, program-related support, training and development, public information, 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.

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

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

**Functional Expenses (Continued)**

Program-Related Support

Activities performed by the Foundation related to the wish program including the identification of wish candidates and the determination and delivery of each wish. Specific activities include, but are not limited to, the development of wish resources, handling of wish referrals, and administration of the wish program.

Training and Development

Activities performed by the Foundation include, but are not limited to, implementation of programs supporting the identification of wish candidates and the determination and delivery of the wish through the training of Foundation staff and volunteers.

Public Information

Activities performed by the Foundation communicating the purpose and services of the Foundation to all potential sources of wish referrals.

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 joint costs for activities that include fundraising appeals (primarily direct mail campaigns and newsletters), which have been allocated as follows:

	<u>2015</u>	<u>2014</u>
Fundraising	\$ 9,840	\$ 5,480
Public Information	35,149	23,748
Total	<u>\$ 44,989</u>	<u>\$ 29,228</u>

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 associated with managing the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting such as salaries, benefits, 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 ALASKA AND WASHINGTON**  
**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 [or the Board of Trustees, or Investment Committee, as appropriate], which oversees the Foundation's investment program in accordance with established guidelines.



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

**Investments (Continued)**

Allocation of Investment Strategies

In addition to traditional stock and fixed income securities, the Foundation may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity, and real asset strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly. Private equity funds employ buy-out and venture capital strategies and focus on investments in turn-around situations. Real asset funds generally hold interests in public real estate investment trusts (REITS) or commercial real estate through sole-member entities. Private equity and real asset strategies therefore often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Foundation's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.

**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	\$ 1,223,943	\$ -	\$ -	\$ 1,223,943
International Equity	462,649	-	-	462,649
Real Estate	54,436	-	-	54,436
Bonds	938,934	-	-	938,934
Certificates of Deposit	-	234,784	-	234,784
Money Market Funds	14,801	-	-	14,801
Total	<u>\$ 2,694,763</u>	<u>\$ 234,784</u>	<u>\$ -</u>	<u>\$ 2,929,547</u>

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

**Fair Value Hierarchy (Continued)**

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at August 31, 2014:

	Fair Value Measurements at August 31, 2014 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 1,542,598	\$ -	\$ -	\$ 1,542,598
International Equity	506,411	-	-	506,411
Real Estate	60,893	-	-	60,893
Bonds	954,252	-	-	954,252
Certificates of Deposit	-	434,064	-	434,064
Money Market Funds	16,061	-	-	16,061
Total	\$ 3,080,215	\$ 434,064	\$ -	\$ 3,514,279

Total investment income, gains, and losses for the years ended August 31, 2015 and 2014 consist of the following:

	2015	2014
Interest and Dividend Income	\$ 160,030	\$ 169,700
Realized and Unrealized Gains (Losses), Net	(286,480)	258,667
Investment Income (Loss)	\$ (126,450)	\$ 428,367

**NOTE 4 CONTRIBUTIONS RECEIVABLE**

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

	2015	2014
Total Amounts Due in:		
One Year	\$ 1,358,161	\$ 1,347,082
Two to Five Years	134,350	193,494
More than Five Years	5,000	250
Gross Contributions Receivable	1,497,511	1,540,826
Less Allowance for Doubtful Accounts	(15,129)	(15,135)
Less Discount to Present Value	(5,657)	(8,689)
Contributions Receivable, Net	\$ 1,476,725	\$ 1,517,002

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**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 \$1,228,953 and \$1,167,934, respectively, from these national revenue streams.

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. Amounts totaling \$188,989 and \$160,033 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 \$18,225 and \$16,200 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	\$ 60,083	\$ 228,979
Due from Other Chapters	26,234	17,237
Total Due from Related Entities	<u>\$ 86,317</u>	<u>\$ 246,216</u>
Due to National Organization	\$ 771	-
Due to Other Chapters	40,270	24,355
Total Due to Related Entities	<u>\$ 41,041</u>	<u>\$ 24,355</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 2015 and 2014, the Foundation received contributions, both cash and in-kind, from board members and employees totaling \$245,194 and \$195,199, respectively. In 2015 and 2014, amounts due from board members and employees totaled \$185,153 and \$171,344, respectively, and are included in contributions receivable in the accompanying statements of financial position.

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**NOTE 6 PROPERTY AND EQUIPMENT, NET**

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

	2015	2014
Computer Equipment and Software	\$ 300,874	\$ 266,804
Office Furniture	90,298	87,711
Other Equipment	74,904	73,214
Leasehold Improvements	77,826	72,476
	<u>543,902</u>	<u>500,205</u>
Less: Accumulated Depreciation and Amortization	(372,801)	(324,318)
Property and Equipment, Net	<u>\$ 171,101</u>	<u>\$ 175,887</u>

Depreciation and amortization expense totaled \$70,600 and \$60,857 for the years ended August 31, 2015 and 2014, respectively.

**NOTE 7 ACCRUED PENDING WISH COSTS**

The Foundation accrues for 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.

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 204 and 191 reportable pending wishes, respectively.

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**NOTE 8 LEASES**

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through February 2020. As of August 31, 2015 and 2014, the cost of leased property and equipment under capital leases was \$67,547 and \$60,633, respectively, and accumulated depreciation was \$32,332 and \$18,662, respectively. Total rent expense for all operating leases for the years ended August 31, 2015 and 2014 totaled \$251,601 and \$190,077, respectively.

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

<u>Year Ending August 31,</u>	<u>Operating Leases</u>	<u>Capital Leases</u>
2016	\$ 212,554	\$ 14,816
2017	209,413	14,816
2018	215,242	6,930
2019	151,180	1,596
Thereafter	7,566	-
Total Minimum Lease Payments	<u>795,955</u>	<u>38,158</u>
Less Amounts Representing Interest	-	(2,943)
Present Value of Net Minimum Lease Payments	<u><u>\$ 795,955</u></u>	<u><u>\$ 35,215</u></u>

**NOTE 9 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 funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets, both donor-restricted and board-designated, are reflected as investments held for long term purposes on the statements of financial position.

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**NOTE 9 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law**

The board of trustees of the Foundation has interpreted the Washington UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Endowment net asset composition by type of fund as of August 31, 2015 and 2014 is as follows:

		2015			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	Donor-Restricted Endowment Funds	\$ -	\$ -	\$ 38,148	\$ 38,148
	Total Funds	\$ -	\$ -	\$ 38,148	\$ 38,148
		2014			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	Donor-Restricted Endowment Funds	\$ -	\$ -	\$ 38,148	\$ 38,148
	Total Funds	\$ -	\$ -	\$ 38,148	\$ 38,148

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**NOTE 9 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

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

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets - Beginning of Year	\$ -	\$ -	\$ 38,148	\$ 38,148
Endowment Net Assets - End of Year	\$ -	\$ -	\$ 38,148	\$ 38,148
	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - Beginning of Year	\$ -	\$ -	\$ 38,148	\$ 38,148
Endowment Net Assets - End of Year	\$ -	\$ -	\$ 38,148	\$ 38,148

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

	2015	2014
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	\$ 38,148	\$ 38,148

**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. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets, however, there were no funds with deficiencies as of August 31, 2015 or 2014.

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of trustees, 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 7% annually. Actual returns in any given year may vary from this amount.

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**NOTE 9 ENDOWMENTS (CONTINUED)**

**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 0-5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. When the spending policy is silent, the percentage defaults to 3%. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 7% annually. 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 10 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

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

	<u>2015</u>	<u>2014</u>
Time Restrictions	\$ 1,631,552	\$ 1,520,950
Total Temporarily Restricted Net Assets	<u>\$ 1,631,552</u>	<u>\$ 1,520,950</u>

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

	<u>2015</u>	<u>2014</u>
Investments in Perpetuity, the Income from which is Expendable to Support Any Activities of the Foundation	<u>\$ 38,148</u>	<u>\$ 38,148</u>

**NOTE 11 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 hire. 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 \$68,358 and \$61,903, respectively.



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**NOTE 12 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 \$620,549 and \$788,348 were received from a single donor for the years ended August 31, 2015 and 2014, which represents 10% and 13% of total public support, respectively.

**NOTE 13 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through December 8, 2015, the date at which the financial statements were available to be issued.