

**MAKE-A-WISH FOUNDATION® OF NORTH DAKOTA**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED AUGUST 31, 2015 AND 2014**

**MAKE-A-WISH FOUNDATION® OF NORTH DAKOTA  
TABLE OF CONTENTS  
YEARS ENDED AUGUST 31, 2015 AND 2014**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENTS OF ACTIVITIES</b>	<b>4</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>6</b>
<b>STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>7</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>9</b>

## INDEPENDENT AUDITORS' REPORT

Finance Committee  
Make-A-Wish Foundation® of North Dakota  
Fargo, North Dakota

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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.

Finance Committee  
Make-A-Wish Foundation® of North Dakota

***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 North Dakota 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**

Minneapolis, Minnesota  
January 15, 2016

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

	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,572,842	\$ 3,493,775
Investments	3,025,598	186,461
Due from Related Entities	2,939	2,761
Prepaid Expenses	12,330	5,674
Contributions Receivable, Net	268,054	19,552
Other Assets	25,614	22,482
Property and Equipment, Net.	32,674	7,610
Total Assets	\$ 4,940,051	\$ 3,738,315
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 75,465	\$ 19,063
Accrued Pending Wish Costs	211,635	162,507
Total Liabilities	287,100	181,570
<b>NET ASSETS</b>		
Unrestricted	3,989,710	3,314,905
Temporarily Restricted	412,132	90,840
Permanently Restricted	251,109	151,000
Total Net Assets	4,652,951	3,556,745
Total Liabilities and Net Assets	\$ 4,940,051	\$ 3,738,315

See accompanying Notes to Financial Statements.

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Public Support:				
Contributions, Net of Write-Offs	\$ 1,704,415	\$ 418,054	\$ 100,109	\$ 2,222,578
Grants	40,000	-	-	40,000
Total Public Support	<u>1,744,415</u>	<u>418,054</u>	<u>100,109</u>	<u>2,262,578</u>
Internal Special Events	352,432	-	-	352,432
Less: Costs of Direct Benefits to Donors	<u>(56,625)</u>	<u>-</u>	<u>-</u>	<u>(56,625)</u>
Total Special Events	295,807	-	-	295,807
Investment Income, Net	(76,592)	(9,587)	-	(86,179)
Other Income	319	-	-	319
Net Assets Released from Restrictions	<u>87,175</u>	<u>(87,175)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	2,051,124	321,292	100,109	2,472,525
<b>EXPENSES</b>				
Program Services:				
Wish Granting	1,049,068	-	-	1,049,068
Support Services:				
Fundraising	175,902	-	-	175,902
Management and General	151,349	-	-	151,349
Total Support Services	<u>327,251</u>	<u>-</u>	<u>-</u>	<u>327,251</u>
Total Program and Support Services Expense	<u>1,376,319</u>	<u>-</u>	<u>-</u>	<u>1,376,319</u>
<b>CHANGE IN NET ASSETS</b>	674,805	321,292	100,109	1,096,206
Net Assets - Beginning of Year	<u>3,314,905</u>	<u>90,840</u>	<u>151,000</u>	<u>3,556,745</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,989,710</u>	<u>\$ 412,132</u>	<u>\$ 251,109</u>	<u>\$ 4,652,951</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NORTH DAKOTA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Public Support:				
Contributions, Net of Write-Offs	\$ 3,534,767	\$ 19,552	\$ 46,000	\$ 3,600,319
Grants	54,536	-	-	54,536
Total Public Support	<u>3,589,303</u>	<u>19,552</u>	<u>46,000</u>	<u>3,654,855</u>
Internal Special Events	186,806	26,661	-	213,467
Less: Costs of Direct Benefits to Donors	<u>(65,275)</u>	<u>-</u>	<u>-</u>	<u>(65,275)</u>
Total Special Events	121,531	26,661	-	148,192
Investment Income, Net	757	23,765	-	24,522
Other Income	1,264	-	-	1,264
Net Assets Released from Restrictions	<u>47,529</u>	<u>(47,529)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	3,760,384	22,449	46,000	3,828,833
<b>EXPENSES</b>				
Program Services:				
Wish Granting	686,697	-	-	686,697
Support Services:				
Fundraising	107,915	-	-	107,915
Management and General	86,401	-	-	86,401
Total Support Services	<u>194,316</u>	<u>-</u>	<u>-</u>	<u>194,316</u>
Total Program and Support Services Expense	<u>881,013</u>	<u>-</u>	<u>-</u>	<u>881,013</u>
<b>CHANGE IN NET ASSETS</b>	2,879,371	22,449	46,000	2,947,820
Net Assets - Beginning of Year	<u>435,534</u>	<u>68,391</u>	<u>105,000</u>	<u>608,925</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,314,905</u>	<u>\$ 90,840</u>	<u>\$ 151,000</u>	<u>\$ 3,556,745</u>

See accompanying Notes to Financial Statements.

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

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,096,206	\$ 2,947,820
Adjustments to reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	2,807	2,707
Net Realized and Unrealized (Gains) Losses on Investments	124,478	(19,882)
Change in Attrition on Accrued Pending Wish Costs	(7,368)	(3,170)
Changes in Assets and Liabilities:		
Contributions Receivable	(248,502)	(3,997)
Due from Related Entities	(178)	4,644
Prepaid Expenses	(6,656)	(2,409)
Other Assets	(3,132)	3,967
Accounts Payable and Accrued Expenses	56,402	(23,847)
Accrued Pending Wish Costs	56,496	(8,477)
Other Liabilities	-	(1,430)
Net Cash Provided by Operating Activities	1,070,553	2,895,926
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(3,225,101)	(28,718)
Proceeds from Sales of Investments	261,486	-
Purchases of Property and Equipment	(27,871)	(6,623)
Net Cash Used by Investing Activities	(2,991,486)	(35,341)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,920,933)	2,860,585
Cash and Cash Equivalents - Beginning of Year	3,493,775	633,190
<b>CASH AND CASH EQUAVALENTS - END OF YEAR</b>	\$ 1,572,842	\$ 3,493,775

See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION® OF NORTH DAKOTA**  
**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	\$ 634,802	\$ -	\$ -	\$ -	\$ 634,802
Salaries, Taxes, and Benefits	131,756	77,257	84,646	161,903	293,659
Printing, Subscriptions, and Publications	36,405	16,249	656	16,905	53,310
Professional Fees	24,968	32,866	28,374	61,240	86,208
Rent and Utilities	10,509	4,764	5,247	10,011	20,520
Postage and Delivery	3,536	3,017	1,329	4,346	7,882
Travel	4,636	7,039	2,210	9,249	13,885
Meetings and Conferences	22,965	7,249	2,721	9,970	32,935
Office Supplies	2,416	1,240	1,258	2,498	4,914
Communications	2,237	868	974	1,842	4,079
Advertising and Media (Cash)	-	744	66	810	810
Advertising and Media (In-Kind)	-	4,800	-	4,800	4,800
Repairs and Maintenance	691	313	345	658	1,349
Membership Dues	2,093	-	600	600	2,693
Grants and Scholarships	30,000	-	-	-	30,000
National Partnership Dues	134,855	18,777	17,071	35,848	170,703
Miscellaneous	5,801	8	5,154	5,162	10,963
Depreciation and Amortization	1,398	711	698	1,409	2,807
	<u>\$ 1,049,068</u>	<u>\$ 175,902</u>	<u>\$ 151,349</u>	<u>\$ 327,251</u>	<u>\$ 1,376,319</u>

See accompanying Notes to Financial Statements.

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

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 435,059	\$ -	\$ -	\$ -	\$ 435,059
Salaries, Taxes, and Benefits	145,203	63,321	51,424	114,745	259,948
Printing, Subscriptions, and Publications	4,660	7,750	685	8,435	13,095
Professional Fees	7,093	2,951	14,523	17,474	24,567
Rent and Utilities	10,396	4,714	3,754	8,468	18,864
Postage and Delivery	3,374	3,350	711	4,061	7,435
Travel	6,144	6,229	3,676	9,905	16,049
Meetings and Conferences	10,567	3,752	2,446	6,198	16,765
Office Supplies	1,379	643	462	1,105	2,484
Communications	2,818	967	798	1,765	4,583
Advertising and Media (Cash)	300	2,979	-	2,979	3,279
Advertising and Media (In-Kind)	-	5,880	-	5,880	5,880
Repairs and Maintenance	1,115	382	351	733	1,848
Membership Dues	1,434	-	-	-	1,434
Grants and Scholarships	30,000	-	-	-	30,000
National Partnership Dues	26,095	3,680	3,680	7,360	33,455
Miscellaneous	-	-	3,561	3,561	3,561
Depreciation and Amortization	1,060	1,317	330	1,647	2,707
	<u>\$ 686,697</u>	<u>\$ 107,915</u>	<u>\$ 86,401</u>	<u>\$ 194,316</u>	<u>\$ 881,013</u>

See accompanying Notes to Financial Statements.

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

**NOTE 1 ORGANIZATION**

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents at August 31, 2015 and 2014 were \$664,652 and \$543,721, respectively, of money market mutual funds.

**Investments**

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in unrestricted net assets unless its use is limited by donor-imposed restrictions or law.

**Contributions Receivable**

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions receivable are discounted using fair value rates and contributions are written off when deemed uncollectible.

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

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

**Property and Equipment, Net**

Property and equipment having a unit cost greater than \$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. 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

**Fair Value Measurements**

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

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

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets (or liabilities) that the reporting entity has the ability to access at the measurement date.
- Level 2 Inputs: Prices for a similar asset (or liability), other than quoted prices included in Level 1 inputs, that are observable for the asset (or liability), either directly or indirectly. If the asset (or liability) has a specified term, a Level 2 input must be observable for substantially the full term of the asset (or liability).
- Level 3 Inputs: Unobservable inputs for the asset (or liability) used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset (or liability) at measurement date.

**MAKE-A-WISH FOUNDATION® OF NORTH DAKOTA**  
**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 discounts is recorded as additional contribution revenue. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

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

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

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

	2015	2014
Contributions:		
Wish Related	\$ 304,509	\$ 212,520
Professional Services	38,956	1,400
Advertising and Media	4,800	5,880
Other	3,921	1,150
Total	\$ 352,186	\$ 220,950
Special Event Revenue		
Internal Special Events	\$ 103,914	\$ 7,911

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

Program or supporting services expenses were recorded at fair value totaling \$326,873 and \$188,236 in 2015 and 2014, respectively, with the difference recorded as other assets representing primarily auction items received and not yet used.

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 expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

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

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

**Income Taxes**

The Foundation is a not-for-profit organization exempt from federal income and North Dakota taxes under the provisions of Internal Revenue Code 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 three functions: wish granting, fundraising, and management and general. Definitions of these functions are as follows:

**Wish Granting**

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

**Fundraising**

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations.

**Management and General**

All costs not identifiable with a single program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

Expenses that benefit more than one function of the Foundation are allocated among the functions based generally on the amount of time spent by employees on each function.

**MAKE-A-WISH FOUNDATION® OF NORTH DAKOTA**  
**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 tables 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 Finance committee, which oversees the Foundation's investment program in accordance with established guidelines.



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

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

**Fair Value Hierarchy**

The following table presents the placement in the fair value hierarchy of assets that are measured at fair value on a recurring basis at August 31, 2015 and 2014:

	August 31, 2015			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 1,378,794	\$ -	\$ -	\$ 1,378,794
Bonds	75,041	-	-	75,041
Certificates of Deposit	-	-	-	-
Debt Securities:				
Government	-	943,568	-	943,568
Corporate	-	628,195	-	628,195
Total Recurring	<u>\$ 1,453,835</u>	<u>\$ 1,571,763</u>	<u>\$ -</u>	<u>\$ 3,025,598</u>

	August 31, 2014			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 175,685	\$ -	\$ -	\$ 175,685
Bonds	-	-	-	-
Certificates of Deposit	10,776	-	-	10,776
Debt Securities:				
Government	-	-	-	-
Corporate	-	-	-	-
Total Recurring	<u>\$ 186,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,461</u>

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	\$ 38,299	\$ 4,640
Realized and Unrealized Gains (Losses), Net	(124,478)	19,882
Investment Income, Net	<u>\$ (86,179)</u>	<u>\$ 24,522</u>

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

**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, 2015 and 2014.

**NOTE 5 TRANSACTIONS WITH RELATED ENTITIES**

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2015 and 2014, respectively, the Foundation received \$112,571 and \$111,436, 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 \$170,703 and \$38,052 were paid from the Foundation to the National Organization during the years ended August 31, 2015 and 2014, respectively.

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

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 \$-0- and \$300 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	\$ 2,939	\$ 1,819
Due from Other Chapters	-	942
Total Due from Related Entities	<u>\$ 2,939</u>	<u>\$ 2,761</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.

During 2015 and 2014 the Foundation received contributions, both cash and in-kind, from board members totaling \$13,317 and \$36,933, respectively. Amounts paid to related parties for goods and services used in the Foundation’s operations totaled \$4,423 and \$7,054 in 2015 and 2014, respectively.

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

**NOTE 6 PROPERTY AND EQUIPMENT, NET**

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

	2015	2014
Computer Equipment and Software	\$ 34,139	\$ 34,139
Office Furniture	40,978	13,107
	75,117	47,246
Less: Accumulated Depreciation and Amortization	(42,443)	(39,636)
Property and Equipment, Net	\$ 32,674	\$ 7,610

Depreciation and amortization expense totaled \$2,807 and \$2,707 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 24 and 17 reportable pending wishes, respectively.

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

**NOTE 8 LEASES**

The Foundation is obligated under one operating lease for its office space, which expires September 30, 2025. Total rent expense for the years ended August 31, 2015 and 2014 totaled \$15,600.

Future minimum lease payments under the operating lease having remaining term in excess of one year are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2016	\$ 54,863
2017	66,557
2018	67,423
2019	68,289
2020 and Following	442,798
Total Minimum Lease Payments	<u><u>\$ 699,930</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 two donor-restricted endowment funds. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets, both donor-restricted and board-designated, are reflected as investments held for long term purposes on the statements of financial position.

**Interpretation of Relevant Law**

The board of directors of the Foundation has interpreted the North Dakota 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.

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

**NOTE 9 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

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	\$ -	\$ 15,040	\$ 251,109	\$ 266,149
Total Funds	<u>\$ -</u>	<u>\$ 15,040</u>	<u>\$ 251,109</u>	<u>\$ 266,149</u>
	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ -	\$ 44,627	\$ 151,000	\$ 195,627
Total Funds	<u>\$ -</u>	<u>\$ 44,627</u>	<u>\$ 151,000</u>	<u>\$ 195,627</u>

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

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ -	\$ 44,627	\$ 151,000	\$ 195,627
Investment Return:				
Investment Income	-	9,197	-	9,197
Net Appreciation (Realized and Unrealized)	-	(18,784)	-	(18,784)
Total Investment Return	-	(9,587)	-	(9,587)
Contributions	-	-	100,109	100,109
Appropriation of Endowment Assets for Expenditure	-	(20,000)	-	(20,000)
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 15,040</u>	<u>\$ 251,109</u>	<u>\$ 266,149</u>

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

**NOTE 9 ENDOWMENTS (CONTINUED)**

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ -	\$ 32,862	\$ 105,000	\$ 137,862
Investment Return:				
Investment Income	-	3,883	-	3,883
Net Appreciation (Realized and Unrealized)	-	19,882	-	19,882
Total Investment Return	-	23,765	-	23,765
Contributions	-	-	46,000	46,000
Appropriation of Endowment Assets for Expenditure	-	(12,000)	-	(12,000)
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 44,627</u>	<u>\$ 151,000</u>	<u>\$ 195,627</u>

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	<u>\$ 251,109</u>	<u>\$ 151,000</u>
Temporarily restricted Net Assets:		
The Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA:		
With Purpose Restrictions	<u>\$ 15,040</u>	<u>\$ 44,627</u>
Total Endowment Funds Classified as Temporarily Restricted Net Assets	<u>\$ 15,040</u>	<u>\$ 44,627</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 were no deficiencies of this nature as of August 31, 2015 and 2014.

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

**NOTE 9 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. 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 any earnings over the permanently restricted amount 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. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3% 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 year ended August 31:

	2015	2014
Time Restrictions	\$ 36,787	\$ 46,213
Purpose Restrictions	375,345	44,627
Total Temporarily Restricted Net Assets	\$ 412,132	\$ 90,840

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

	2015	2014
Investments in Perpetuity, the Income from which is Expendable to Support Any Activities of the Foundation	\$ 251,109	\$ 151,000

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

**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 completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 3% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2015 and 2014 were \$6,109 and \$5,118, respectively.

**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 \$102,159 and \$81,618 were received from a single donor for the years ended August 31, 2015 and 2014, respectively, which represents 5% and 2%, respectively, of total public support. A contribution totaling \$510,000 and \$2,333,333 was received from a single donor for the years ended August 31, 2015 and 2014, respectively, which represents 25% and 64%, respectively, of public support. Should these contribution levels decrease, the Foundation may be adversely affected.

**NOTE 13 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through January 15, 2016, the date at which the financial statements were available to be issued.