

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

**MAKE-A-WISH FOUNDATION® OF NORTH DAKOTA
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YEARS ENDED AUGUST 31, 2016 AND 2015**

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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, 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 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, 2016 and 2015, and change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 23, 2017

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

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,093,514	\$ 1,148,137
Investments	3,742,539	3,450,303
Due from Related Entities	2,823	2,939
Prepaid Expenses	23,088	12,330
Contributions Receivable, Net	19,125	268,054
Other Assets	23,365	25,614
Property and Equipment, Net	64,948	32,674
Total Assets	\$ 4,969,402	\$ 4,940,051
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 43,174	\$ 75,465
Accrued Pending Wish Costs - Cash	124,934	110,513
Accrued Pending Wish Costs - In-kinds	98,310	101,122
Due to Related Entities	2,581	-
Deferred Rent	19,114	-
Total Liabilities	288,113	287,100
NET ASSETS		
Unrestricted	4,016,438	3,989,710
Temporarily Restricted	368,742	412,132
Permanently Restricted	296,109	251,109
Total Net Assets	4,681,289	4,652,951
Total Liabilities and Net Assets	\$ 4,969,402	\$ 4,940,051

See accompanying Notes to Financial Statements.

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
REVENUES, GAINS AND OTHER SUPPORT					
Public Support:					
Contributions	\$ 839,367	\$ 19,093	\$ 45,000	\$ 903,460	\$ 2,222,578
Grants	36,795	-	-	36,795	40,000
Total Public Support	<u>876,162</u>	<u>19,093</u>	<u>45,000</u>	<u>940,255</u>	<u>2,262,578</u>
Internal Special Events	289,758	-	-	289,758	352,432
Less: Costs of Direct Benefits to Donors	<u>(87,012)</u>	<u>-</u>	<u>-</u>	<u>(87,012)</u>	<u>(56,625)</u>
Total Special Events	202,746	-	-	202,746	295,807
Investment Income (Loss), Net	182,889	21,140	-	204,029	(100,370)
Other Income (Loss)	(10,837)	-	-	(10,837)	319
Net Assets Released from Restrictions	<u>83,623</u>	<u>(83,623)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Revenues, Gains, and Other Support	 <u>1,334,583</u>	 <u>(43,390)</u>	 <u>45,000</u>	 <u>1,336,193</u>	 <u>2,458,334</u>
EXPENSES					
Program Services:					
Wish Granting	972,393	-	-	972,393	1,049,068
Total Program Services	<u>972,393</u>	<u>-</u>	<u>-</u>	<u>972,393</u>	<u>1,049,068</u>
Support Services:					
Fundraising	211,049	-	-	211,049	175,902
Management and General	124,413	-	-	124,413	137,158
Total Support Services	<u>335,462</u>	<u>-</u>	<u>-</u>	<u>335,462</u>	<u>313,060</u>
 Total Program and Support Services Expense	 <u>1,307,855</u>	 <u>-</u>	 <u>-</u>	 <u>1,307,855</u>	 <u>1,362,128</u>
 Change in Net Assets	 26,728	 (43,390)	 45,000	 28,338	 1,096,206
Net Assets - Beginning of Year	<u>3,989,710</u>	<u>412,132</u>	<u>251,109</u>	<u>4,652,951</u>	<u>3,556,745</u>
NET ASSETS - END OF YEAR	<u>\$ 4,016,438</u>	<u>\$ 368,742</u>	<u>\$ 296,109</u>	<u>\$ 4,681,289</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, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions	\$ 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 Loss, Net	(90,783)	(9,587)	-	(100,370)
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	 <u>2,036,933</u>	 <u>321,292</u>	 <u>100,109</u>	 <u>2,458,334</u>
EXPENSES				
Program Services:				
Wish Granting	1,049,068	-	-	1,049,068
Total Program Services	<u>1,049,068</u>	<u>-</u>	<u>-</u>	<u>1,049,068</u>
Support Services:				
Fundraising	175,902	-	-	175,902
Management and General	137,158	-	-	137,158
Total Support Services	<u>313,060</u>	<u>-</u>	<u>-</u>	<u>313,060</u>
 Total Program and Support Services Expense	 <u>1,362,128</u>	 <u>-</u>	 <u>-</u>	 <u>1,362,128</u>
 Change in Net Assets	 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>
NET ASSETS - END OF YEAR	<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
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 28,338	\$ 1,096,206
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	17,244	2,807
Net Realized and Unrealized (Gains) Losses on Investments	(76,076)	124,478
Loss on Sale of Property and Equipment	10,026	-
Change in Attrition on Accrued Pending Wish Costs	2,122	(7,368)
Changes in Assets and Liabilities:		
Contributions Receivable	248,929	(248,502)
Due from Related Entities	116	(178)
Prepaid Expenses	(10,758)	(6,656)
Other Assets	2,249	(3,132)
Accounts Payable and Accrued Expenses	(32,291)	56,402
Accrued Pending Wish Costs	9,487	56,496
Due to Related Entities	2,581	-
Deferred Rent	19,114	-
Net Cash Provided by Operating Activities	221,081	1,070,553
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,397,670)	(3,649,806)
Proceeds from Sales of Investments	1,181,510	261,486
Purchases of Property and Equipment	(59,544)	(27,871)
Net Cash Used by Investing Activities	(275,704)	(3,416,191)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(54,623)	(2,345,638)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,148,137	3,493,775
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,093,514	\$ 1,148,137

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF NORTH DAKOTA
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	\$ 500,984	\$ -	\$ -	\$ -	\$ 500,984
Salaries, Taxes, and Benefits	243,736	111,213	79,290	190,503	434,239
Printing, Subscriptions, and Publications	8,193	19,365	1,196	20,561	28,754
Professional Fees	15,314	6,068	11,016	17,084	32,398
Rent and Utilities	43,969	19,930	14,419	34,349	78,318
Postage and Delivery	4,536	2,083	1,151	3,234	7,770
Travel	11,136	5,750	677	6,427	17,563
Meetings and Conferences	16,641	3,673	928	4,601	21,242
Office Supplies	10,792	1,159	1,325	2,484	13,276
Communications	6,490	2,947	1,955	4,902	11,392
Advertising and Media (Cash)	600	2,684	-	2,684	3,284
Advertising and Media (In-Kind)	-	4,000	-	4,000	4,000
Repairs and Maintenance	1,679	759	555	1,314	2,993
Insurance	-	1,000	-	1,000	1,000
Membership Dues	2,693	389	224	613	3,306
Grants and Scholarships	30,000	-	-	-	30,000
National Partnership Dues	65,950	10,018	7,513	17,531	83,481
Miscellaneous	-	15,614	997	16,611	16,611
Depreciation and Amortization	9,680	4,397	3,167	7,564	17,244
	<u>\$ 972,393</u>	<u>\$ 211,049</u>	<u>\$ 124,413</u>	<u>\$ 335,462</u>	<u>\$ 1,307,855</u>

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	34,425	16,249	656	16,905	51,330
Professional Fees	30,420	26,198	14,000	40,198	70,618
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)	1,980	744	66	810	2,790
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	349	6,676	5,337	12,013	12,362
Depreciation and Amortization	1,398	711	698	1,409	2,807
	<u>\$ 1,049,068</u>	<u>\$ 175,902</u>	<u>\$ 137,158</u>	<u>\$ 313,060</u>	<u>\$ 1,362,128</u>

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of North Dakota (the Foundation) is a North Dakota 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. Included in cash and cash equivalents at August 31, 2016 and 2015 were \$621,841 and \$632,009, 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, 2016 AND 2015

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, 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 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 NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

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:

	Programs	Support Services		2016 Total
		Fundraising	Management and General	
Program and Support Service Expenses:				
Wish Related	\$ 189,371	\$ -	\$ -	\$ 189,371
Professional Services	79	21	1,000	1,100
Advertising and Media	-	4,000	-	4,000
Other	11,694	14,170	430	26,294
Total Program and Supported Service Expenses	201,144	18,191	1,430	220,765
Direct Benefit Expenses, Netted with Special Event Revenue	-	24,579	-	24,579
Total	<u>\$ 225,723</u>	<u>\$ 42,770</u>	<u>\$ 1,430</u>	<u>\$ 245,344</u>
Inventory (Asset)				4,244
Property and Equipment (Capitalized)				2,593
Total				<u>\$ 252,181</u>

	Programs	Support Services		2015 Total
		Fundraising	Management and General	
Program and Support Service Expenses:				
Wish Related	\$ 281,709	\$ -	\$ -	\$ 281,709
Professional Services	7,354	14,330	3,647	25,331
Advertising and Media	-	4,800	-	4,800
Other	3,321	11,740	1,060	16,121
Total Program and Supported Service Expenses	292,384	30,870	4,707	327,961
Direct Benefit Expenses, Netted with Special Event Revenue	-	(2,312)	-	(2,312)
Total	<u>\$ 290,072</u>	<u>\$ 28,558</u>	<u>\$ 4,707</u>	<u>\$ 325,649</u>

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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. Advertising costs totaled \$7,284 and \$7,590 for the years ended August 31, 2016 and 2015, respectively.

Income Taxes

The Foundation is a nonprofit 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, 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.

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, 2016 AND 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. Unamortized deferred rent was \$19,114 and \$-0- at August 31, 2016 and 2015, respectively.

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 financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 3 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

The fair values of the financial instruments shown in the following tables as of August 31, 2016 and 2015 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

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

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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, 2016 and 2015:

		Fair Value Measurements at August 31, 2016			
		(Level 1)	(Level 2)	(Level 3)	Total
Assets:					
	Recurring:				
	Investments:				
	Mutual Funds:				
	Domestic Equity	\$ 1,900,949	\$ -	\$ -	\$ 1,900,949
	Bonds	92,371	-	-	92,371
	Debt Securities:				
	Government	-	1,169,014	-	1,169,014
	Corporate	-	561,574	-	561,574
	Cash and Cash Equivalents	-	-	-	18,631
	Total Recurring	\$ 1,993,320	\$ 1,730,588	\$ -	\$ 3,742,539
		Fair Value Measurements at August 31, 2015			
		(Level 1)	(Level 2)	(Level 3)	Total
Assets:					
	Recurring:				
	Investments:				
	Mutual Funds:				
	Domestic Equity	\$ 1,793,053	\$ -	\$ -	\$ 1,793,053
	Bonds	75,041	-	-	75,041
	Debt Securities:				
	Government	-	943,568	-	943,568
	Corporate	-	628,195	-	628,195
	Cash and Cash Equivalents	-	-	-	10,446
	Total Recurring	\$ 1,868,094	\$ 1,571,763	\$ -	\$ 3,450,303

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

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Total investment income, gains, and losses for the years ended August 31, 2016 and 2015 consist of the following:

	2016	2015
Interest and Dividend Income	\$ 166,183	\$ 38,299
Realized and Unrealized Gains (Losses), Net	76,076	(124,478)
Less Investment Expenses	(38,230)	(14,191)
Investment Income, Net	\$ 204,029	\$ (100,370)

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 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2016 and 2015, respectively, the Foundation received \$122,734 and \$112,571, respectively, from these national revenue streams. These amounts are recorded in the statement of activities as Public Support Revenue.

As part of the National Organization's Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. The Foundation contributed \$30,000 to this program during the years August 31, 2016 and 2015.

Conversely, the chapter pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation of America pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$111,117 and \$170,703 were paid from the Foundation to the National Organization during the years ended August 31, 2016 and 2015, 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 \$300 and \$-0- for the years ended August 31, 2016 and 2015, respectively, which is recorded in the accompanying statements of activities as Other Income.

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

NOTE 5 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Amounts due from and to related entities are as follows:

	<u>2016</u>	<u>2015</u>
Balance at August 31:		
Due from National Organization	\$ 2,823	\$ 2,939
Total Due from Related Entities	<u>\$ 2,823</u>	<u>\$ 2,939</u>
Due to National Organization	\$ 2,581	\$ -
Total Due to Related Entities	<u>\$ 2,581</u>	<u>\$ -</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 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 \$8,979 and \$13,317, respectively. Amounts paid to related parties for goods and services used in the Foundation's operations totaled \$0- and \$4,423 in 2016 and 2015, respectively.

NOTE 6 PROPERTY AND EQUIPMENT, NET

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

	<u>2016</u>	<u>2015</u>
Computer Equipment and Software	\$ 19,655	\$ 34,139
Office Furniture	63,858	40,978
	83,513	75,117
Less Accumulated Depreciation and Amortization	(18,565)	(42,443)
Property and Equipment, Net	<u>\$ 64,948</u>	<u>\$ 32,674</u>

Depreciation and amortization expense totaled \$17,244 and \$2,807 for the years ended August 31, 2016 and 2015, respectively.

MAKE-A-WISH FOUNDATION® OF NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 ACCRUED PENDING WISH COSTS

The Foundation accrues for estimated costs of reportable pending wishes when five certain, measurable wish criteria are met. Prior to meeting these five criteria, the wish is not considered an obligation due to the inherent uncertainties surrounding these criteria and is therefore not accrued as a pending wish. This accrual does not represent a legally binding liability, but is considered a moral obligation to the child by the Foundation arising when the five criteria are met. Reportable pending wish criteria include:

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

Estimated cash and in-kind costs owed as of year-end for all reportable pending wishes are accrued as pending wish liability. The in-kind portion of the pending wish liability includes the estimated in-kind outlay that is expected to be incurred in fulfilling each wish even though the matching in-kind revenues are not recognized until the in-kind goods or services, or an unconditional promise for those in-kind goods or services, are received. Although not fully guaranteed, if all the related expected in-kind revenue were recognized in the same fiscal period as the expected in-kind expense, total net assets at August 31, 2016 would be \$4,760,506.

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 30 and 24 reportable pending wishes, respectively.

MAKE-A-WISH FOUNDATION® OF NORTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
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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, 2016 and 2015 totaled \$75,277 and \$15,600, respectively.

Future minimum lease payments under the operating lease are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2017	\$ 66,557
2018	67,423
2019	68,289
2020	69,156
2021 and Following	373,643
Total Minimum Lease Payments	<u>\$ 645,068</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, 2016 AND 2015

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, 2016 and 2015 is as follows:

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-Restricted Endowment Funds	\$ -	\$ 36,180	\$ 296,109	\$ 332,289
Total Funds	\$ -	\$ 36,180	\$ 296,109	\$ 332,289

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-Restricted Endowment Funds	\$ -	\$ 15,040	\$ 251,109	\$ 266,149
Total Funds	\$ -	\$ 15,040	\$ 251,109	\$ 266,149

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

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ -	\$ 15,040	\$ 251,109	\$ 266,149
Investment Return:				
Investment Income	-	2,735	-	2,735
Net Appreciation (Realized and Unrealized)	-	18,405	-	18,405
Total Investment Return	-	21,140	-	21,140
Contributions	-	-	45,000	45,000
Appropriation of Endowment Assets for Expenditure	-	-	-	-
Endowment Net Assets, End of Year	\$ -	\$ 36,180	\$ 296,109	\$ 332,289

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

NOTE 9 ENDOWMENTS (CONTINUED)

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ -	\$ 44,627	\$ 151,000	\$ 195,627
Investment Return:				
Investment Income	-	9,197	-	9,197
Net Depreciation (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>

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>\$ 296,109</u>	<u>\$ 251,109</u>
Temporarily Restricted Net Assets:		
The Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA:		
With Purpose Restrictions	<u>\$ 36,180</u>	<u>\$ 15,040</u>
Total Endowment Funds Classified as Temporarily Restricted Net Assets	<u>\$ 36,180</u>	<u>\$ 15,040</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.

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

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:

	<u>2016</u>	<u>2015</u>
Time Restrictions	\$ 19,093	\$ 36,787
Purpose Restrictions	349,649	375,345
Total Temporarily Restricted Net Assets	<u>\$ 368,742</u>	<u>\$ 412,132</u>

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

	<u>2016</u>	<u>2015</u>
Investments in Perpetuity, the Income from which is Expendable to Support Any Activities of the Foundation	<u>\$ 296,109</u>	<u>\$ 251,109</u>

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

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, 2016 and 2015 were \$8,235 and \$6,109, 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 \$63,235 and \$102,159 were received from a single donor for the years ended August 31, 2016 and 2015, respectively, which represents 7% and 5%, respectively, of total public support. A contribution totaling \$155,511 and \$510,000 was received from a single donor for the years ended August 31, 2016 and 2015, respectively, which represents 17% and 23%, 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 February 23, 2017, the date at which the financial statements were available to be issued.