

**MAKE-A-WISH FOUNDATION OF AMERICA-
CENTRAL AND WESTERN NC**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2015 AND 2014

**MAKE-A-WISH FOUNDATION OF AMERICA-CENTRAL AND WESTERN NC
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation of America-Central and Western NC
Charlotte, North Carolina

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
Make-A-Wish Foundation of America-Central and Western NC

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 America-Central and Western NC as of August 31, 2015 and 2014, and changes 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Calverton, Maryland
December 16, 2015

MAKE-A-WISH FOUNDATION OF AMERICA-CENTRAL AND WESTERN NC
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2015 AND 2014

	2015	2014
ASSETS		
ASSETS		
Cash and Cash Equivalents	\$ 1,790,997	\$ 2,072,932
Investments	949,557	-
Due from Related Entities	91,810	101,408
Prepaid Expenses	49,711	37,179
Contributions Receivable	180,388	168,875
Other Assets	38,947	39,953
Property and Equipment, Net	28,861	30,671
Total Assets	\$ 3,130,271	\$ 2,451,018
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 145,373	\$ 87,286
Accrued Pending Wish Costs	1,406,119	1,187,758
Due to Related Entities	29,902	20,817
Capital Lease Obligations	10,307	12,665
Total Liabilities	1,591,701	1,308,526
NET ASSETS		
Unrestricted	951,887	618,893
Temporarily Restricted	586,683	523,599
Total Net Assets	1,538,570	1,142,492
Total Liabilities and Net Assets	\$ 3,130,271	\$ 2,451,018

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF AMERICA-CENTRAL AND WESTERN NC
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 2,791,104	\$ 214,634	\$ 3,005,738
Grants	257,331	36,000	293,331
Total Public Support	<u>3,048,435</u>	<u>250,634</u>	<u>3,299,069</u>
Internal Special Events	1,584,078	331,049	1,915,127
Less Costs of Direct Benefits to Donors	<u>(319,873)</u>	<u>-</u>	<u>(319,873)</u>
Total Special Events	<u>1,264,205</u>	<u>331,049</u>	<u>1,595,254</u>
Investment Income, Net	(49,339)	-	(49,339)
Other Income	24,626	-	24,626
Net Assets Released from Restrictions	<u>518,599</u>	<u>(518,599)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>4,806,526</u>	<u>63,084</u>	<u>4,869,610</u>
EXPENSES			
Program Services:			
Wish Granting	3,507,944	-	3,507,944
Total Program Services	<u>3,507,944</u>	<u>-</u>	<u>3,507,944</u>
Support Services:			
Fundraising	795,819	-	795,819
Management and General	<u>169,769</u>	<u>-</u>	<u>169,769</u>
Total Support Services	<u>965,588</u>	<u>-</u>	<u>965,588</u>
Total Program and Support Services Expense	<u>4,473,532</u>	<u>-</u>	<u>4,473,532</u>
Change in Net Assets	332,994	63,084	396,078
Net Assets, Beginning of Year	<u>618,893</u>	<u>523,599</u>	<u>1,142,492</u>
NET ASSETS, END OF YEAR	<u>\$ 951,887</u>	<u>\$ 586,683</u>	<u>\$ 1,538,570</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF AMERICA-CENTRAL AND WESTERN NC
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2014**

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support:			
Contributions	\$ 2,396,687	\$ 200,595	\$ 2,597,282
Grants	276,669	-	276,669
Total Public Support	2,673,356	200,595	2,873,951
Internal Special Events	1,517,926	318,004	1,835,930
Less Costs of Direct Benefits to Donors	(229,868)	-	(229,868)
Total Special Events	1,288,058	318,004	1,606,062
Investment Income, Net	1,321	-	1,321
Other Income	6,876	-	6,876
Net Assets Released from Restrictions	132,114	(132,114)	-
Total Revenues, Gains, and Other Support	4,101,725	386,485	4,488,210
EXPENSES			
Program Services:			
Wish Granting	2,880,714	-	2,880,714
Total Program Services	2,880,714	-	2,880,714
Support Services:			
Fundraising	579,994	-	579,994
Management and General	164,636	-	164,636
Total Support Services	744,630	-	744,630
Total Program and Support Services Expense	3,625,344	-	3,625,344
Change in Net Assets	476,381	386,485	862,866
Net Assets, Beginning of Year	142,512	137,114	279,626
NET ASSETS, END OF YEAR	\$ 618,893	\$ 523,599	\$ 1,142,492

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF AMERICA-CENTRAL AND WESTERN NC
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 396,078	\$ 862,866
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	9,626	12,757
Net Realized and Unrealized Losses on Investments	47,951	-
Loss on Sale of Property and Equipment	3,102	325
Contributed Property and Equipment, Inventory and Investments	(4,013)	(30,235)
Changes in Assets and Liabilities:		
Contributions Receivable	(11,513)	(50,486)
Due from Related Entities	9,598	(17,167)
Prepaid Expenses	(12,532)	(7,428)
Other Assets	5,019	(8,288)
Accounts Payable and Accrued Expenses	58,087	(7,919)
Accrued Pending Wish Costs	218,361	43,683
Due to Related Entities	9,085	4,516
Net Cash Provided by Operating Activities	728,849	802,624
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,001,299)	-
Proceeds from Sales of Investments	3,791	-
Purchases of Property and Equipment	(10,918)	(6,668)
Net Cash Used in Investing Activities	(1,008,426)	(6,668)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(2,358)	(2,114)
Net Cash Used in Financing Activities	(2,358)	(2,114)
 Net (Decrease) Increase in Cash and Cash Equivalents	(281,935)	793,842
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,072,932	1,279,090
CASH AND CASH EQUVALENTS, END OF YEAR	\$ 1,790,997	\$ 2,072,932
 Supplemental cash flow information:		
Cash paid for interest	\$ 864	\$ 678
Acquisition of equipment with capital lease agreement	-	13,961

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF AMERICA-CENTRAL AND WESTERN NC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2015

	Program Services	Support Services			Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 2,738,140	\$ -	\$ -	\$ -	\$ 2,738,140
Salaries, Taxes, and Benefits	466,258	453,658	136,798	590,456	1,056,714
Printing, Subscriptions, and Publications	17,221	22,685	490	23,175	40,396
Professional Fees	9,457	9,937	7,074	17,011	26,468
Rent and Utilities	30,570	30,764	7,128	37,892	68,462
Postage and Delivery	1,379	2,947	308	3,255	4,634
Travel	6,804	20,998	1,201	22,199	29,003
Meetings and Conferences	7,046	38,345	1,038	39,383	46,429
Office Supplies	8,082	9,949	1,873	11,822	19,904
Communications	5,363	5,431	1,254	6,685	12,048
Advertising and Media (Cash)	13	35,272	-	35,272	35,285
Advertising and Media (In-Kind)	-	79,884	-	79,884	79,884
Repairs and Maintenance	2,797	2,811	653	3,464	6,261
Insurance	-	-	113	113	113
Grants and Scholarships	125,000	-	-	-	125,000
National Partnership Dues	84,200	11,724	10,658	22,382	106,582
Miscellaneous	1,314	67,093	176	67,269	68,583
Depreciation and Amortization	4,300	4,321	1,005	5,326	9,626
	\$ 3,507,944	\$ 795,819	\$ 169,769	\$ 965,588	\$ 4,473,532

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF AMERICA-CENTRAL AND WESTERN NC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2014

	Program Services	Support Services			Total
	Total Program Services	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 2,286,367	\$ -	\$ -	\$ -	\$ 2,286,367
Salaries, Taxes, and Benefits	333,066	331,506	128,646	460,152	793,218
Printing, Subscriptions, and Publications	5,942	15,742	662	16,404	22,346
Professional Fees	7,888	8,342	4,249	12,591	20,479
Rent and Utilities	42,112	42,582	12,473	55,055	97,167
Postage and Delivery	1,559	2,356	339	2,695	4,254
Travel	6,380	20,875	1,657	22,532	28,912
Meetings and Conferences	117,078	17,540	1,583	19,123	136,201
Office Supplies	9,982	10,392	2,874	13,266	23,248
Communications	4,635	4,545	1,210	5,755	10,390
Advertising and Media (Cash)	-	16,701	-	16,701	16,701
Advertising and Media (In-Kind)	-	36,788	-	36,788	36,788
Repairs and Maintenance	2,285	2,322	660	2,982	5,267
National Partnership Dues	54,394	7,671	7,671	15,342	69,736
Miscellaneous	3,492	57,006	1,015	58,021	61,513
Depreciation and Amortization	5,534	5,626	1,597	7,223	12,757
	<u>\$ 2,880,714</u>	<u>\$ 579,994</u>	<u>\$ 164,636</u>	<u>\$ 744,630</u>	<u>\$ 3,625,344</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF AMERICA-CENTRAL AND WESTERN NC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents at August 31, 2015 and 2014, is \$9,473 and \$9,468 of certificates of deposit, respectively, with an initial term of less than three months and \$1,082,960 and \$1,081,814, 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.

Property and Equipment, Net

Property and equipment having a unit cost greater than \$1,000 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally three to five years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease(s). 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.

MAKE-A-WISH FOUNDATION OF AMERICA-CENTRAL AND WESTERN NC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (continued)

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 AMERICA-CENTRAL AND WESTERN NC
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.

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	\$ 1,282,769	\$ 1,184,338
Advertising and Media	79,884	36,788
Property and Equipment	-	9,600
Other	43,720	159,706
Total	\$ 1,406,373	\$ 1,390,432
Special Event Revenue	\$ 84,894	\$ 62,002

MAKE-A-WISH FOUNDATION OF AMERICA-CENTRAL AND WESTERN NC
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, beverage, facility costs, and auction items.

Program or supporting service expenses were recorded at fair value totaling \$1,376,994 and \$1,353,263 in 2015 and 2014, respectively, with the difference recorded as receivable for pledged facilities and other assets representing primarily inventory and 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 [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 not-for-profit organization exempt from federal income and North Carolina income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 55A of the General Statutes of North Carolina. 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 some of these functions are as follows:

Wish Granting

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

During the fiscal years ended August 31, 2015 and 2014, the Foundation incurred no significant joint costs for activities that included fundraising appeals.

MAKE-A-WISH FOUNDATION OF AMERICA-CENTRAL AND WESTERN NC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (continued)

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2015 and 2014, the Foundation incurred no significant joint costs for activities that include fundraising appeals.

Management and General

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

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 amounts in the 2014 financial statements have been reclassified to conform to the presentation of the 2015 financial statements. These reclassifications had no effect on the previously reported net assets or changes therein.

MAKE-A-WISH FOUNDATION OF AMERICA-CENTRAL AND WESTERN NC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

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 as of August 31, 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.

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 of Directors, which oversees the Foundation's investment program in accordance with established guidelines.

Allocation of Investment Strategies

In addition to traditional stocks 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.

MAKE-A-WISH FOUNDATION OF AMERICA-CENTRAL AND WESTERN NC
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 and liabilities that are measured at fair value on a recurring basis at August 31, 2015:

	Fair Value Measurements at August 31, 2015			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Cash:				
Cash and Cash Equivalents	\$ 15,168			\$ 15,168
Investments:				
Mutual Funds:				
Domestic Equity	\$ 281,354	\$ -	\$ -	\$ 281,354
International Equity	179,399	-	-	179,399
Real Estate	55,098	-	-	55,098
Asset Allocation	182,440	-	-	182,440
Commodities	28,559	-	-	28,559
Bonds	207,539	-	-	207,539
Total	\$ 949,557	\$ -	\$ -	\$ 949,557

The Foundation's investment holdings were new in FY15. Therefore, the fair value of all investments at August 31, 2014, was \$0.

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	\$ 2,403	\$ 1,321
Realized and Unrealized Loss, Net	(47,951)	-
less Investment Expenses	(3,791)	-
Investment Income, Net	\$ (49,339)	\$ 1,321

NOTE 4 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable at August 31, 2015 and 2014, were \$180,388 and \$168,875, respectively. 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.

MAKE-A-WISH FOUNDATION OF AMERICA-CENTRAL AND WESTERN NC
NOTES TO FINANCIAL STATEMENTS
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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 \$632,691 and \$692,098, 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 \$274,406 and \$174,825 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 \$7,050 and \$7,200 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	\$ 87,341	\$ 98,219
Due from Other Chapters	4,469	3,189
Total Due from Related Entities	<u>\$ 91,810</u>	<u>\$ 101,408</u>
Due to National Organization	\$ -	\$ -
Due to Other Chapters	29,902	20,817
Total Due to Related Entities	<u>\$ 29,902</u>	<u>\$ 20,817</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 \$62,725 and \$64,190, respectively. There were no amounts due from board members in 2015 or 2014. No amounts were paid to related parties for goods and services used in the Foundation’s operations in 2014.

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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	\$ 47,118	\$ 43,367
Office Furniture	3,600	3,600
Other Equipment	17,620	13,961
Leasehold Improvements	6,906	6,906
	<u>75,244</u>	<u>67,834</u>
Less Accumulated Depreciation and Amortization	<u>(46,383)</u>	<u>(37,163)</u>
Property and Equipment, Net	<u>\$ 28,861</u>	<u>\$ 30,671</u>

Depreciation and amortization expense totaled \$9,626 and \$12,757 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 150 and 151 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 April 2019. As of August 31, 2015 and 2014, the cost of leased property and equipment under capital leases was \$13,961 and accumulated depreciation was \$3,654 and \$1,624, respectively.

Total rent expense for all operating leases for the years ended August 31, 2015 and 2014, totaled \$35,653 and \$56,164, 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	\$ 36,723	\$ 3,221
2017	37,824	3,221
2018	38,959	3,221
2019	16,432	2,147
2020 and Following	-	-
Total Minimum Lease Payments	<u>129,938</u>	<u>11,810</u>
Less Amounts Representing Interest	-	(1,503)
Present Value of Net Minimum Lease Payments	<u>\$ 129,938</u>	<u>\$ 10,307</u>

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2015</u>	<u>2014</u>
Time Restrictions	\$ 393,587	\$ 391,919
Purpose Restrictions	193,096	131,680
Total Temporarily Restricted Net Assets	<u>\$ 586,683</u>	<u>\$ 523,599</u>

NOTE 10 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 3% of the employee's salary. The discretionary matching of employee contributions to the plan had been suspended effective April 2, 2009, but were approved by the Board of Directors to be re-initiated on June 11, 2015. Foundation contributions to the Plan for the years ended August 31, 2015 and 2014, were \$4,656 and \$0, respectively.

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NOTE 11 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash, cash equivalents, and investments. The Foundation places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the FDIC insurance coverage limit of \$250,000. From time to time throughout the year, the Foundation's cash balances may exceed the amount of the FDIC insurance coverage.

In-kind contributions totaling \$587,143 and \$534,709 were received from a single donor for the years ended August 31, 2015 and 2014, respectively, which represents 18% and 19%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 12 LITIGATION AND CLAIMS

The Foundation is involved in litigation and claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position, change in net assets, or liquidity.

NOTE 13 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 16, 2015, the date at which the financial statements were available to be issued.