

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

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2016 AND 2015

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

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

We have audited the accompanying financial statements of Make-A-Wish Foundation of America® of Central and Western NC, which comprise the statements of financial position as of August 31, 2016 and 2015, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
Make-A-Wish Foundation of America® of 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® of Central and Western NC as of August 31, 2016 and 2015, 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
January 3, 2017

MAKE-A-WISH FOUNDATION OF AMERICA® OF CENTRAL AND WESTERN NC
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2016 AND 2015

	2016	2015
ASSETS		
ASSETS		
Cash and Cash Equivalents	\$ 1,386,772	\$ 1,790,997
Investments	2,038,620	949,557
Due from Related Entities	84,140	91,810
Prepaid Expenses	45,120	49,711
Contributions Receivable	272,485	180,388
Other Assets	34,528	38,947
Property and Equipment, Net	20,205	28,861
Total Assets	\$ 3,881,870	\$ 3,130,271
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 243,343	\$ 145,373
Accrued Pending Wish Costs - Cash	1,006,498	685,258
Accrued Pending Wish Costs - In-kinds	901,764	720,861
Due to Related Entities	11,870	29,902
Capital Lease Obligations	7,768	10,307
Total Liabilities	2,171,243	1,591,701
NET ASSETS		
Unrestricted	1,108,952	951,887
Temporarily Restricted	601,675	586,683
Total Net Assets	1,710,627	1,538,570
Total Liabilities and Net Assets	\$ 3,881,870	\$ 3,130,271

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF AMERICA® OF CENTRAL AND WESTERN NC
STATEMENT OF ACTIVITIES
YEARS ENDED AUGUST 31, 2016 AND 2015
(WITH SUMMARY TOTALS FOR YEAR ENDED AUGUST 31, 2015)

	2016			2015 Total
	Unrestricted	Temporarily Restricted	Total	
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 2,945,255	\$ 287,008	\$ 3,232,263	\$ 3,005,738
Grants	218,187	-	218,187	293,331
Total Public Support	3,163,442	287,008	3,450,450	3,299,069
Internal Special Events	1,916,322	298,995	2,215,317	1,915,127
Less Costs of Direct Benefits to Donors	(449,452)	-	(449,452)	(319,873)
Total Special Events	1,466,870	298,995	1,765,865	1,595,254
Investment Income (Loss), Net	90,134	-	90,134	(49,339)
Other Income	27,273	-	27,273	24,626
Net Assets Released from Restrictions	571,011	(571,011)	-	-
Total Revenues, Gains, and Other Support	5,318,730	14,992	5,333,722	4,869,610
EXPENSES				
Program Services:				
Wish Granting	4,173,222	-	4,173,222	3,507,944
Total Program Services	4,173,222	-	4,173,222	3,507,944
Support Services:				
Fundraising	766,829	-	766,829	795,819
Management and General	221,614	-	221,614	169,769
Total Support Services	988,443	-	988,443	965,588
Total Program and Support Services Expense	5,161,665	-	5,161,665	4,473,532
Change in Net Assets	157,065	14,992	172,057	396,078
Net Assets, Beginning of Year	951,887	586,683	1,538,570	1,142,492
NET ASSETS, END OF YEAR	\$ 1,108,952	\$ 601,675	\$ 1,710,627	\$ 1,538,570

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF AMERICA® OF CENTRAL AND WESTERN NC
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 172,057	\$ 396,078
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	9,921	9,626
Net Realized and Unrealized (Gains) Losses on Investments	(50,697)	47,951
Loss on Sale of Property and Equipment	-	3,102
Contributed Property and Equipment, Inventory and Investments	(16,079)	(4,013)
Changes in Assets and Liabilities:		
Contributions Receivable	(92,097)	(11,513)
Due from Related Entities	7,670	9,598
Prepaid Expenses	4,591	(12,532)
Other Assets	20,498	5,019
Accounts Payable and Accrued Expenses	97,970	58,087
Accrued Pending Wish Costs	502,143	218,361
Due to Related Entities	(18,032)	9,085
Net Cash Provided by Operating Activities	637,945	728,849
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,057,439)	(1,001,299)
Proceeds from Sales of Investments	19,073	3,791
Purchases of Property and Equipment	(1,265)	(10,918)
Net Cash Used in Investing Activities	(1,039,631)	(1,008,426)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(2,539)	(2,358)
Net Cash Used in Financing Activities	(2,539)	(2,358)
 Net Decrease in Cash and Cash Equivalents	(404,225)	(281,935)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,790,997	2,072,932
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,386,772	\$ 1,790,997
Supplemental cash flow information:		
Cash paid for interest	\$ 681	\$ 864

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF AMERICA® OF CENTRAL AND WESTERN NC
STATEMENT OF FUNCTIONAL EXPENSES
YEARS ENDED AUGUST 31, 2016 AND 2015

	Program Services	Support Services			Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 3,358,676	\$ -	\$ -	\$ -	\$ 3,358,676
Salaries, Taxes, and Benefits	532,105	485,266	184,783	670,049	1,202,154
Printing, Subscriptions, and Publications	9,646	9,509	319	9,828	19,474
Professional Fees	10,811	8,860	6,938	15,798	26,609
Rent and Utilities	33,114	29,756	8,231	37,987	71,101
Postage and Delivery	1,755	2,659	401	3,060	4,815
Travel	9,705	22,637	3,186	25,823	35,528
Meetings and Conferences	63,272	41,917	1,708	43,625	106,897
Office Supplies	9,105	5,839	871	6,710	15,815
Communications	5,915	4,970	1,383	6,353	12,268
Advertising and Media (Cash)	483	28,250	-	28,250	28,733
Advertising and Media (In-Kind)	-	29,350	-	29,350	29,350
Repairs and Maintenance	1,582	1,412	393	1,805	3,387
Insurance	-	-	-	-	-
Grants and Scholarships	25,000	-	-	-	25,000
National Partnership Dues	107,010	16,255	12,191	28,446	135,456
Miscellaneous	410	76,012	59	76,071	76,481
Depreciation and Amortization	4,633	4,137	1,151	5,288	9,921
	\$ 4,173,222	\$ 766,829	\$ 221,614	\$ 988,443	\$ 5,161,665

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services			Total
	Total Program Services	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
	<u>\$ 3,507,944</u>	<u>\$ 795,819</u>	<u>\$ 169,769</u>	<u>\$ 965,588</u>	<u>\$ 4,473,532</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF AMERICA® OF CENTRAL AND WESTERN NC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

NOTE 1 ORGANIZATION

Make-A-Wish Foundation of America® of 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, 2016 and 2015, is \$9,476 and \$9,473 of certificates of deposit, respectively, with an initial term of less than three months and \$1,084,027 and \$1,082,960, 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® OF CENTRAL AND WESTERN NC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

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® OF CENTRAL AND WESTERN NC
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 AMERICA® OF CENTRAL AND WESTERN NC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Foundation received in-kind contributions of assets and services that are reported as follows at August 31:

	Programs	Support Services		2016 Total
		Fundraising	Management and General	
Program and Support Service Expenses				
Wish Related	\$ 1,359,959	\$ -	\$ -	\$ 1,359,959
Rent	9,340	8,340	2,320	20,000
Advertising and Media	-	29,350	-	29,350
Other	68,074	9,243	1,064	78,381
Total Program and Supported Service Expenses	1,437,373	46,933	3,384	1,487,690
Direct Benefit Expenses, Netted with Special Event Revenue	\$ -	\$ 150,600	\$ -	150,600
Total in-kind expense	\$ 1,437,373	\$ 197,533	\$ 3,384	1,638,290
Change in Donated Inventory (Asset)				(3,891)
Change in Property and Equipment (Capitalized)				841
Change in In-Kind Contributions Receivable				96,329
Total In-Kind Contributions				\$ 1,731,569

	Programs	Support Services		2015 Total
		Fundraising	Management and General	
Program and Support Service Expenses				
Wish Related	\$ 1,251,701	\$ -	\$ -	\$ 1,251,701
Rent	8,480	8,522	1,981	18,983
Advertising and Media	-	79,884	-	79,884
Other	11,305	14,941	180	26,426
Total Program and Supported Service Expenses	1,271,486	103,347	2,161	1,376,994
Direct Benefit Expenses, Netted with Special Event Revenue	\$ -	\$ 84,894	\$ -	84,894
Total	\$ 1,271,486	\$ 188,241	\$ 2,161	1,461,888
Change in Donated Inventory (Asset)				5,484
Change in In-Kind Contributions Receivable				25,415
Total In-Kind Contributions				\$ 1,492,787

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 AMERICA® OF CENTRAL AND WESTERN NC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Advertising and media is used to help the Foundation communicate its message or mission and includes fundraising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes. Advertising and media are reported as contribution revenue and fundraising 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. Total advertising costs totaled \$58,083 and \$115,169 for the years ended August 31, 2016 and 2015, respectively.

Income Taxes

The Foundation is a not-for-profit organization exempt from federal income and 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, 2016 and 2015. The Foundation files income tax returns in the U.S. federal jurisdiction, and state jurisdictions.

Functional Expenses

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

Wish Granting

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

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2016 and 2015, the Foundation incurred no significant joint costs for activities that include fundraising appeals.

Management and General

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

MAKE-A-WISH FOUNDATION OF AMERICA® OF CENTRAL AND WESTERN NC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

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 reclassifications of amounts previously reported have been made to the accompanying consolidated 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 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 AMERICA® OF CENTRAL AND WESTERN NC
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 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® OF CENTRAL AND WESTERN NC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at August 31, 2016:

Fair Value Measurements at August 31, 2016				
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Recurring:				
Cash:				
Cash and Cash Equivalents	\$ 70,579	-	-	\$ 70,579
Investments:				
Mutual Funds:				
Domestic Equity	\$ 616,223	\$ -	\$ -	\$ 616,223
International Equity	373,889	-	-	373,889
Real Estate	94,701	-	-	94,701
Asset Allocation	380,248	-	-	380,248
Commodities	58,942	-	-	58,942
Bonds	444,038	-	-	444,038
Total	\$ 2,038,620	\$ -	\$ -	\$ 2,038,620

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				
	(Level 1)	(Level 2)	(Level 3)	Total
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

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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	\$ 58,510	\$ 2,403
Realized and Unrealized Gain (Loss), Net	50,697	(47,951)
Less Investment Expenses	(19,073)	(3,791)
Investment Income (Loss), Net	\$ 90,134	\$ (49,339)

NOTE 4 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable at August 31, 2016 and 2015, were \$272,485 and \$180,388, 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, 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, the Foundation received \$665,443 and \$632,691, respectively, from these national revenue streams.

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. Under this program, the Foundation contributed \$25,000 and \$125,000 during the years ended August 31, 2016 and 2015, respectively.

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 \$139,956 and \$149,406 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 \$5,100 and \$7,050 for the years ended August 31, 2016 and 2015, respectively, which is recorded in the accompanying statements of activities as other income.

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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	\$ 78,598	\$ 87,341
Due from Other Chapters	5,542	4,469
Total Due from Related Entities	<u>\$ 84,140</u>	<u>\$ 91,810</u>
Due to National Organization	\$ -	\$ -
Due to Other Chapters	11,870	29,902
Total Due to Related Entities	<u>\$ 11,870</u>	<u>\$ 29,902</u>

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

During 2016 and 2015 the Foundation received contributions, both cash and in-kind, from board members totaling \$44,564 and \$62,725, respectively. There were no amounts due from board members in 2016 and 2015. No amounts were paid to related parties for goods and services used in the Foundation's operations in 2016 and 2015.

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	\$ 44,461	\$ 47,118
Office Furniture	4,865	3,600
Other Equipment	17,620	17,620
Leasehold Improvements	6,906	6,906
	<u>73,852</u>	<u>75,244</u>
Less Accumulated Depreciation and Amortization	(53,647)	(46,383)
Property and Equipment, Net	<u>\$ 20,205</u>	<u>\$ 28,861</u>

Depreciation and amortization expense totaled \$9,921 and \$9,626 for the years ended August 31, 2016 and 2015, respectively.

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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 \$2,612,391.

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 203 and 150 reportable pending wishes, respectively.

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, 2016 and 2015, the cost of leased property and equipment under capital leases was \$13,961 and accumulated depreciation was \$6,192 and \$13,654, respectively.

Total rent expense for all operating leases for the years ended August 31, 2016 and 2015, totaled \$36,723 and \$35,653, respectively.

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NOTE 8 LEASES (CONTINUED)

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>
2017	\$ 37,824	\$ 3,221
2018	38,959	3,221
2019	16,432	2,147
Total Minimum Lease Payments	93,215	8,589
Less Amounts Representing Interest	-	(821)
Present Value of Net Minimum Lease Payments	<u>\$ 93,215</u>	<u>\$ 7,768</u>

NOTE 9 TEMPORARILY 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	\$ 348,250	\$ 393,587
Purpose Restrictions	253,425	193,096
Total Temporarily Restricted Net Assets	<u>\$ 601,675</u>	<u>\$ 586,683</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, 2016 and 2015, were \$22,088 and \$4,656, 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 \$752,601 and \$587,143 were received from a single donor for the years ended August 31, 2016 and 2015, respectively, which represents 22% and 18%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 12 LITIGATION AND CLAIMS

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

NOTE 13 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 3, 2017, the date at which the financial statements were available to be issued.