MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2016 AND 2015

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
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YEARS ENDED AUGUST 31, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of the Texas
Gulf Coast and Louisiana
Stafford, Texas

We have audited the accompanying financial statements of Make-A-Wish Foundation® of the Texas Gulf Coast and Louisiana 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 of 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 controls 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 controls. 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.

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 the Texas Gulf Coast and Louisiana 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
January 5, 2017

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2016 AND 2015

	2016	2015
ASSETS		
Cash and Cash Equivalents	$ 1,047,807	$ 1,676,594
Investments	6,119,263	6,010,788
Due from Related Entities	133,335	114,360
Prepaid Expenses	13,405	14,182
Contributions Receivable, Net	83,230	58,785
Other Assets	17,472	33,936
Split-Interest Agreements	255,399	247,805
Investments Held for Long-Term Purposes	5,456,913	4,197,480
Property and Equipment, Net	2,792,318	2,896,377
Total Assets	$ 15,919,142	$ 15,250,307
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	$ 480,342	$ 293,759
Accrued Pending Wish Costs - Cash	1,438,814	1,195,054
Accrued Pending Wish Costs - In-kinds	1,305,748	994,257
Due to Related Entities	50,764	53,761
Total Liabilities	3,275,668	2,536,831
NET ASSETS		
Unrestricted	6,847,931	8,209,406
Temporarily Restricted	580,832	180,993
Permanently Restricted	5,214,711	4,323,077
Total Net Assets	12,643,474	12,713,476
Total Liabilities and Net Assets	$ 15,919,142	$ 15,250,307

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2016
(WITH SUMMARY TOTALS FOR YEAR ENDED AUGUST 31, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2015 Total
REVENUES, GAINS AND OTHER SUPPORT					
Public Support:					
Contributions	$ 4,497,123	$ 75,538	$ 699,386	$ 5,272,047	$ 5,091,520
Grants	292,075	-	190,083	482,158	340,479
Total Public Support	4,789,198	75,538	889,469	5,754,205	5,431,999
Investment Income, Net	504,932	369,964	-	874,896	(389,207)
Other Income	31,847	-	-	31,847	7,487
Net Assets Released from Restrictions	51,092	(51,092)	-	-	-
Total Revenues, Gains, and Other Support	5,377,069	394,410	889,469	6,660,948	5,050,279
EXPENSES					
Program Services:					
Wish Granting	6,219,125	-	-	6,219,125	5,668,681
Total Program Services	6,219,125	-	-	6,219,125	5,668,681
Support Services:					
Fundraising	326,341	-	-	326,341	282,317
Management and General	193,078	-	-	193,078	265,526
Total Support Services	519,419	-	-	519,419	547,843
Total Program and Support Services Expenses	6,738,544	-	-	6,738,544	6,216,524
OTHER (GAINS) LOSSES					
Change in Split Interest Agreements	-	(5,429)	(2,165)	(7,594)	32,348
Gain on Sale of Property	-	-	-	-	(520,919)
Total Expenses and Losses	6,738,544	(5,429)	(2,165)	6,730,950	5,727,953
Change in Net Assets	(1,361,475)	399,839	891,634	(70,002)	(677,674)
Net Assets - Beginning of Year	8,209,406	180,993	4,323,077	12,713,476	13,391,150
NET ASSETS - END OF YEAR	$ 6,847,931	$ 580,832	$ 5,214,711	$ 12,643,474	$ 12,713,476

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions	$ 4,149,067	$ 58,785	$ 883,668	$ 5,091,520
Grants	269,999	-	70,480	340,479
Total Public Support	4,419,066	58,785	954,148	5,431,999
Investment Income, Net	(246,622)	(142,585)	-	(389,207)
Other Income	7,487	-	-	7,487
Reclassification of Restrictions	(247,081)		247,081	-
Net Assets Released from Restrictions	127,818	(127,818)	-	-
Total Revenues, Gains, and Other Support	4,060,668	(211,618)	1,201,229	5,050,279
EXPENSES				
Program Services:				
Wish Granting	5,668,681	-	-	5,668,681
Total Program Services	5,668,681	-	-	5,668,681
Support Services:				
Fundraising	282,317	-	-	282,317
Management and General	265,526	-	-	265,526
Total Support Services	547,843	-	-	547,843
Total Program and Support Services Expenses	6,216,524	-	-	6,216,524
OTHER (GAINS) LOSSES				
Change in Split Interest Agreements	-	9,312	23,036	32,348
Gain on Sale of Property	-	-	(520,919)	(520,919)
Total Expenses and Losses	6,216,524	9,312	(497,883)	5,727,953
Change in Net Assets	(2,155,856)	(220,930)	1,699,112	(677,674)
Net Assets - Beginning of Year	10,365,262	401,923	2,623,965	13,391,150
NET ASSETS - END OF YEAR	$ 8,209,406	$ 180,993	$ 4,323,077	$ 12,713,476

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (70,002)	$ (677,674)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	113,317	110,751
Contributions Restricted for Long-Term Investment	(889,469)	(1,722,148)
Net Realized and Unrealized (Gains) Losses on Investments	(657,924)	673,280
Gain on Sale of Property	-	(520,919)
Contributed Property and Equipment, Inventory, and Investments	(6,150)	(13,043)
Change in Attrition on Accrued Pending Wish Costs	(57,022)	(37,635)
Change in Value of Split-Interest Agreements	(7,594)	32,348
Changes in Assets and Liabilities:		
Contributions Receivable	(24,445)	69,033
Due from Related Entities	(18,975)	(19,577)
Prepaid Expenses	777	53
Other Assets	16,464	(8,238)
Accounts Payable and Accrued Expenses	186,583	(39,734)
Accrued Pending Wish Costs	612,273	603,396
Due to Related Entities	(2,997)	27,900
Net Cash Used by Operating Activities	(805,164)	(1,522,207)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(9,416,446)	(588,868)
Proceeds from Sales of Investments	8,706,462	1,102,313
Purchases of Property and Equipment	(3,108)	(53,450)
Proceeds from Sale of Property and Equipment	-	768,000
Net Cash Provided (Used) by Investing Activities	(713,092)	1,227,995
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Long-Term Investment	889,469	1,722,148
Net Cash Provided by Financing Activities	889,469	1,722,148
Net Increase (Decrease) in Cash and Cash Equivalents	(628,787)	1,427,936
Cash and Cash Equivalents - Beginning of Year	1,676,594	248,658
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,047,807	$ 1,676,594

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2016

	Program Services	Support Services			
	Wish Granting	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	$ 5,212,183	$ -	$ -	$ -	$ 5,212,183
Salaries, Taxes, and Benefits	400,690	179,413	137,979	317,392	718,082
Printing, Subscriptions, and Publications	-	47,345	-	47,345	47,345
Professional Fees	1,570	533	14,948	15,481	17,051
Rent and Utilities	19,592	8,164	4,898	13,062	32,654
Postage and Delivery	4,002	2,743	988	3,731	7,733
Travel	1,942	985	486	1,471	3,413
Meetings and Conferences	4,376	1,824	1,094	2,918	7,294
Office Supplies	20,108	6,597	1,811	8,408	28,516
Communications	5,763	2,401	1,441	3,842	9,605
Repairs and Maintenance	12,285	5,119	3,071	8,190	20,475
Grants and Scholarships	400,000	-	-	-	400,000
National Partnership Dues	56,526	8,586	6,440	15,026	71,552
Miscellaneous	12,098	34,302	2,924	37,226	49,324
Depreciation and Amortization	67,990	28,329	16,998	45,327	113,317
Total	$ 6,219,125	$ 326,341	$ 193,078	$ 519,419	$ 6,738,544

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF THE TEXAS GULF COAST AND LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2015

	Program Services	Support Services			
	Wish Granting	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	$ 4,725,410	$ -	$ -	$ -	$ 4,725,410
Salaries, Taxes, and Benefits	361,341	157,764	201,582	359,346	720,687
Printing, Subscriptions, and Publications	-	38,633	-	38,633	38,633
Professional Fees	3,652	1,466	13,190	14,656	18,308
Rent and Utilities	21,175	9,128	6,207	15,335	36,510
Postage and Delivery	3,629	3,343	1,064	4,407	8,036
Travel	2,557	1,313	749	2,062	4,619
Meetings and Conferences	3,191	1,375	935	2,310	5,501
Office Supplies	12,674	3,939	2,514	6,453	19,127
Communications	4,416	1,903	1,294	3,197	7,613
Repairs and Maintenance	9,161	3,948	2,685	6,633	15,794
Grants and Scholarships	350,000	-	-	-	350,000
National Partnership Dues	88,870	12,374	11,249	23,623	112,493
Miscellaneous	18,370	19,443	5,229	24,672	43,042
Depreciation and Amortization	64,235	27,688	18,828	46,516	110,751
Total	$ 5,668,681	$ 282,317	$ 265,526	$ 547,843	$ 6,216,524

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of the Texas Gulf Coast and Louisiana (the Foundation) is a Texas 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 fund raising for the benefit of all local chapters. To be a Make-A-Wish chapter, 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 $86,519 and $62,500, 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a useful life of more than one year and a unit cost of greater than $500 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 two to 30 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.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

		Support Services		
	Programs	Fundraising	Management and General	2016 Total
Program and Support Service Expenses				
Wish Related	$ 2,074,227	$ -	$ -	$ 2,074,227
Professional Services	2,853	1,189	12,577	16,619
Other	10,086	35,359	2,446	47,891
Total Program and Supported Service Expenses	2,087,166	36,548	15,023	2,138,737
	$ 2,087,166	$ 36,548	$ 15,023	2,138,737
Property and Equipment (Capitalized)				6,150
Total				$ 2,144,887

		Support Services		
	Programs	Fundraising	Management and General	2015 Total
Program and Support Service Expenses				
Wish Related	$ 1,969,413	$ -	$ -	$ 1,969,413
Professional Services	-	-	7,750	7,750
Other	18,951	8,169	5,555	32,674
Total Program and Supported Service Expenses	1,988,364	8,169	13,305	2,009,837
	$ 1,988,364	$ 8,169	$ 13,305	2,009,837
Property and Equipment (Capitalized)				13,043
Total				$ 2,022,880

Income Taxes

The Foundation is a not-for-profit organization exempt from federal income 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.

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.

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 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.

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 Investment Committee, which oversees the Foundation's investment program in accordance with established guidelines.

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 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	$ 2,602,695	$ -	$ -	$ 2,602,695
International Equity	1,533,973	-	-	1,533,973
Bonds	2,377,449	-	-	2,377,449
Equity Securities:				
U.S. Corporate Equity Securities	3,205,070	-	-	3,205,070
Foreign Equity Securities	515,469	-	-	515,469
Debt Securities:				
Asset Backed	-	1,413	-	1,413
Government	-	151,920	-	151,920
Corporate	-	1,188,187	-	1,188,187
Total Recurring	10,234,656	1,341,520	-	11,576,176
Nonrecurring:				
Split-Interest Agreements	-	-	255,399	255,399
Total Nonrecurring	-	-	255,399	255,399
Total	$ 10,234,656	$ 1,341,520	$ 255,399	$ 11,831,575

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

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

	Fair Value Measurements at August 31, 2015 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Recurring:				
Investments:				
Equity Securities:				
U.S. Corporate Equity Securities	$ 6,181,089	$ -	$ -	$ 6,181,089
Foreign Equity Securities	1,257,387	-	-	1,257,387
Debt Securities:				
Asset Backed	-	1,934	-	1,934
Government	-	521,408	-	521,408
Corporate	-	2,246,450	-	2,246,450
Total Recurring	7,438,476	2,769,792	-	10,208,268
Nonrecurring:				
Split-Interest Agreements	-	-	247,805	247,805
Total Nonrecurring	-	-	247,805	247,805
Total	$ 7,438,476	$ 2,769,792	$ 247,805	$ 10,456,073

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

For the valuation of debt securities at August 31, 2016 and 2015, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

For the valuation of split interest agreements investments at August 31, 2016 and 2015, the Foundation used significant unobservable inputs including mortality tables, discount rates, and projected investment rates of return along with the Foundation's own assumptions, as a practical expedient (Level 3).

Quantitative Information About Level 3 Fair Value Measurements

Type of Investments	Fair Value at August 31, 2016	Fair Value at August 31, 2015	Valuation Technique	Unobservable Input	Range (Weighted-Average)
Split-Interest Agreements Consisting of Cash Equivalents, Equities, Fixed Income Securities and Alternative Investments	$ 255,399	$ 247,805	Present Value of the Expected Future Amount to be Received	IRS Mortality Tables, Discount Rates, Rate of Return on Investments	N/A
Total	$ 255,399	$ 247,805			

The following table presents a rollforward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the years ended August 31, 2016 and 2015:

	2016	2015
Beginning Balance	$ 247,805	$ 280,153
Change in Split-Interest Agreements	7,594	(32,348)
Ending Balance	$ 255,399	$ 247,805

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	$ 268,075	$ 334,488
Realized and Unrealized Gains (Losses), Net	657,924	(673,280)
Less Investment Expenses	(51,103)	(50,415)
Investment Income, Net	$ 874,896	$ (389,207)

NOTE 4 CONTRIBUTIONS RECEIVABLE

All contributions receivable are due within one year. 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 SPLIT-INTEREST AGREEMENTS

Beneficial Interest in Trusts

The Foundation is a named income beneficiary in a perpetual trust, the corpus of which is not controlled by the management of the Foundation. Under this arrangement, the Foundation has the irrevocable right to receive a portion of the income earned on the underlying assets held in perpetuity. Accordingly, permanently restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation received notice that the trust agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets have been recorded in the accompanying statements of activities as a component of permanently restricted change in value of split-interest agreements.

The Foundation’s beneficial interest in the trust is $198,087 and $195,922, respectively, as of August 31, 2016 and 2015.

Charitable Trusts

The Foundation is named as a beneficiary in an irrevocable charitable remainder trust held by a third-party trustee. At the date the remainder trust was established, a beneficial interest in trust and temporarily restricted contribution revenue was recognized for the present value of the estimated future benefits to be received when the trust assets are distributed. The beneficial interest is adjusted during the term of the trust for changes in the value of the assets. The beneficial interest in the remainder trust is calculated using a discount rate of 4.45%, a rate of return of 5%, and IRS mortality tables.

The Foundation’s beneficial interest in the trust is $57,312 and $51,883, respectively, as of August 31, 2016 and 2015.

NOTE 6 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 $963,941 and $1,044,436, respectively, from these national revenue streams.

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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 $400,000 and $350,000 during the years 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 $74,648 and $137,735 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. The Foundation does not charge wish assist fees to other chapters.

Amounts due from and to related entities are as follows:

	2016	2015
Balance at August 31:		
Due from National Organization	$ 133,335	$ 114,360
Total Due from Related Entities	$ 133,335	$ 114,360
Due to Other Chapters	$ 50,764	$ 53,761
Total Due to Related Entities	$ 50,764	$ 53,761

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 $565,045 and $743,755, respectively. As of August 31, 2016 and 2015, there were no amounts due from board members. Amounts paid to related parties for goods and services used in the Foundation's operations totaled $357,417 and $185,789 in 2016 and 2015, respectively. There were no amounts due to related parties as of August 31, 2016 and 2015.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2016	2015
Land	$ 630,000	$ 630,000
Buildings and Building Improvements	2,288,011	2,288,011
Computer Equipment and Software	12,123	12,123
Office Furniture	130,509	121,451
	3,060,643	3,051,585
Less: Accumulated Depreciation and Amortization	(268,325)	(155,208)
Property and Equipment, Net	$ 2,792,318	$ 2,896,377

Depreciation and amortization expense totaled $113,317 and $110,751 for the years ended August 31, 2016 and 2015, respectively.

During the year ended August 31, 2015, the Foundation sold its previous office building and land. The net book value of the property was $247,081 and a gain on the sale of the property of $520,919 was recognized.

NOTE 8 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.

NOTE 8 ACCRUED PENDING WISH COSTS (CONTINUED)

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 have been $13,865,992.

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 290 and 230 reportable pending wishes, respectively.

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 20 and 17 individual funds, respectively, at August 31, 2016 and 2015, established for a variety of purposes including granting wishes and building maintenance. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets which are donor-restricted 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 Texas UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

NOTE 9 ENDOWMENTS (CONTINUED)

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			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ 440,289	$ 5,016,624	$ 5,456,913

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ 70,325	$ 4,127,155	$ 4,197,480

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

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ -	$ 70,325	$ 4,127,155	$ 4,197,480
Investment Return:				
Investment Income, Net	-	83,928	-	83,928
Net Appreciation (Depreciation) (Realized and Unrealized)	-	286,036	-	286,036
Total Investment Return	-	369,964	-	369,964
Contributions	-	-	889,469	889,469
Endowment Net Assets, End of Year	$ -	$ 440,289	$ 5,016,624	$ 5,456,913

NOTE 9 ENDOWMENTS (CONTINUED)

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ -	$ 212,910	$ 2,405,007	$ 2,617,917
Investment Return:				
Investment Income, Net	-	90,906	-	90,906
Net Appreciation (Depreciation) (Realized and Unrealized)	-	(233,491)	-	(233,491)
Total Investment Return	-	(142,585)	-	(142,585)
Contributions	-	-	1,722,148	1,722,148
Endowment Net Assets, End of Year	$ -	$ 70,325	$ 4,127,155	$ 4,197,480

Permanently Restricted Building Proceeds

During the year ended August 31, 2015, the Foundation sold a piece of property that had previously been purchased using funds gifted from a donor. The original gift was restricted to purchase an office building for the Foundation. Once the property was purchased, the asset has been classified as unrestricted net assets from the date of the purchase. However, the donor has since clarified the intent of the original gift. If the building purchased was ever sold, the proceeds should be held in perpetuity in an endowment building fund, whose proceeds are to be used to fund expenses for the new building. The remaining net book value of the property sold of $247,081 was transferred from unrestricted net assets to permanently restricted net assets based on the clarification from the donor for the year ended August 31, 2015.

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	$ 5,016,624	$ 4,127,155
Temporarily restricted Net Assets:		
The Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA:		
With Purpose Restrictions	$ 440,289	$ 70,325

NOTE 9 ENDOWMENTS (CONTINUED)

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.

Return Objectives and Risk Parameters

The Foundation's endowment assets are commingled with its unrestricted investments, and as such, fall under the Foundation's investment policy. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of directors, the overall investment objectives of the Foundation are long-term capital appreciation and capital preservation. The asset value, exclusive of contributions or withdrawals, shall grow in the long term through a combination of investment income and capital appreciation at a rate of return comparative to a balanced market index while incurring lower risk than such an index. The Foundation does not have a specified average rate of return expectation.

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 allows its endowment donors to determine if distributions are to be made out of earnings annually or once the individual endowment has reached a certain net asset amount.

NOTE 10 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	2016	2015
Time Restrictions	$ 140,543	$ 110,668
Purpose Restrictions	440,289	70,325
Total Temporarily Restricted Net Assets	$ 580,832	$ 180,993

NOTE 10 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

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

	2016	2015
Investments in Perpetuity, the Income from which is Expendable to Support Any Activities of the Foundation	$ 198,087	$ 195,923
Investments in Perpetuity, the Income from which is Expendable Exclusively for Costs Associated with the Building	768,000	768,000
Investments in Perpetuity, the Income from which is Expendable Exclusively for Wish Granting	4,248,624	3,359,154
	$ 5,214,711	$ 4,323,077

NOTE 11 RETIREMENT PLAN

The Foundation has a defined contribution 401k plan (the Plan). Employees are eligible for participation in the Plan upon completion of an employee training period. 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 at 100% up to 6% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2016 and 2015 were $21,088 and $24,937, respectively.

The Foundation also has a 457 plan established for certain full-time employees not excluded by the terms of the plan document. The amount of contributions to the participant's account will equal the amount by which the participant has reduced his/her compensation for the plan year, pursuant to his/her salary reduction agreement plus any matching contributions and employer discretionary contributions. During the years ended August 31, 2016 and 2015, employer discretionary contributions to the plan were recorded as expenses of $24,577 and $22,826, respectively, to establish a liability for the future obligation. Participants become fully vested at age 65.

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 $1,087,207 and $892,690, were received from a single donor for the years ended August 31, 2016 and 2015, respectively, which represents 19% and 16%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 13 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 14 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 5, 2017, the date at which the financial statements were available to be issued.