

**MAKE-A-WISH FOUNDATION® OF
COLORADO**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2016 AND 2015

**MAKE-A-WISH FOUNDATION® OF COLORADO
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CliftonLarsonAllen

INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Colorado
Greenwood Village, Colorado

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Colorado, which comprise the statements of financial position as of August 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows 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 Colorado 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

Greenwood Village, Colorado
January 13, 2017

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

ASSETS	2016	2015
Cash and Cash Equivalents	\$ 1,113,071	\$ 1,406,339
Investments	1,191,169	1,040,782
Due from Related Entities	96,403	57,454
Prepaid Expenses	29,430	47,917
Contributions Receivable, Net	188,565	140,758
Other Assets	3,847	604
Property and Equipment, Net	14,871	23,291
Total Assets	\$ 2,637,356	\$ 2,717,145
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 181,914	\$ 241,763
Accrued Pending Wish Costs - Cash	747,026	436,932
Accrued Pending Wish Costs - In-kinds	413,396	286,935
Due to Related Entities	9,404	8,114
Other Liabilities	33,034	-
Deferred Rent	31,595	35,390
Total Liabilities	1,416,369	1,009,134
Net Assets		
Unrestricted	1,032,422	1,567,253
Temporarily Restricted	188,565	140,758
Total Net Assets	1,220,987	1,708,011
Total Liabilities and Net Assets	\$ 2,637,356	\$ 2,717,145

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Total	2015 Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 3,673,984	\$ 188,565	\$ 3,862,549	\$ 3,768,197
Grants	215,115	-	215,115	453,605
Total Public Support	<u>3,889,099</u>	<u>188,565</u>	<u>4,077,664</u>	<u>4,221,802</u>
Internal Special Events	372,524	-	372,524	461,124
Less Costs of Direct Benefits to Donors	<u>(72,079)</u>	<u>-</u>	<u>(72,079)</u>	<u>(122,162)</u>
Total Special Events	<u>300,445</u>	<u>-</u>	<u>300,445</u>	<u>338,962</u>
Investment Income (Loss), Net	59,698	-	59,698	(59,702)
Other Income	32,517	-	32,517	9,859
Net Assets Released from Restrictions	<u>140,758</u>	<u>(140,758)</u>	<u>-</u>	<u>-</u>
 Total Revenues, Gains, and Other Support	 <u>4,422,517</u>	 <u>47,807</u>	 <u>4,470,324</u>	 <u>4,510,921</u>
EXPENSES				
Program Services:				
Wish Granting	3,740,269	-	3,740,269	2,808,663
Program-Related Support	12,229	-	12,229	6,934
Public Information	55,449	-	55,449	107,432
Total Program Services	<u>3,807,947</u>	<u>-</u>	<u>3,807,947</u>	<u>2,923,029</u>
Support Services:				
Fundraising	668,978	-	668,978	644,252
Management and General	480,423	-	480,423	444,827
Total Support Services	<u>1,149,401</u>	<u>-</u>	<u>1,149,401</u>	<u>1,089,079</u>
 Total Program and Support Services Expenses	 <u>4,957,348</u>	 <u>-</u>	 <u>4,957,348</u>	 <u>4,012,108</u>
 Total Expenses and Losses	 <u>4,957,348</u>	 <u>-</u>	 <u>4,957,348</u>	 <u>4,012,108</u>
 Change in Net Assets	 (534,831)	 47,807	 (487,024)	 498,813
Net Assets, Beginning of Year	<u>1,567,253</u>	<u>140,758</u>	<u>1,708,011</u>	<u>1,209,198</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 1,032,422</u></u>	 <u><u>\$ 188,565</u></u>	 <u><u>\$ 1,220,987</u></u>	 <u><u>\$ 1,708,011</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF COLORADO
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 3,649,207	\$ 118,990	\$ 3,768,197
Grants	453,605	-	453,605
Total Public Support	4,102,812	118,990	4,221,802
Internal Special Events	439,356	21,768	461,124
Less Costs of Direct Benefits to Donors	(122,162)	-	(122,162)
Total Special Events	317,194	21,768	338,962
Investment Loss, Net	(59,702)	-	(59,702)
Other Income	9,859	-	9,859
Net Assets Released from Restrictions	243,989	(243,989)	-
Total Revenues, Gains, and Other Support	4,614,152	(103,231)	4,510,921
EXPENSES			
Program Services:			
Wish Granting	2,808,663	-	2,808,663
Program-Related Support	6,934	-	6,934
Public Information	107,432	-	107,432
Total Program Services	2,923,029	-	2,923,029
Support Services:			
Fundraising	644,252	-	644,252
Management and General	444,827	-	444,827
Total Support Services	1,089,079	-	1,089,079
Total Program and Support Services Expenses	4,012,108	-	4,012,108
Total Expenses and Losses	4,012,108	-	4,012,108
Change in Net Assets	602,044	(103,231)	498,813
Net Assets, Beginning of Year	965,209	243,989	1,209,198
NET ASSETS, END OF YEAR	\$ 1,567,253	\$ 140,758	\$ 1,708,011

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF COLORADO
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (487,024)	\$ 498,813
Adjustments to reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation and Amortization	11,375	12,466
Net Realized and Unrealized (Gains) Losses on Investments	(29,653)	87,437
Contributed Investments	(45,364)	-
Change in Attrition on Accrued Pending Wish Costs	(4,730)	8,459
Changes in Assets and Liabilities:		
Contributions Receivable	(47,807)	103,231
Due from Related Entities	(38,949)	16,588
Prepaid Expenses	18,487	(15,531)
Other Assets	(3,243)	(604)
Accounts Payable and Accrued Expenses	(59,849)	8,995
Accrued Pending Wish Costs	441,285	(185,153)
Due to Related Entities	1,290	(187)
Other Liabilities	33,034	-
Deferred Rent	(3,795)	(1,941)
Net Cash Provided by (Used in) Operating Activities	(214,943)	532,573
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(491,113)	(1,051,396)
Proceeds from Sales of Investments	415,743	1,118,018
Purchases of Property and Equipment	(2,955)	(7,420)
Net Cash Provided by (Used in) Investing Activities	(78,325)	59,202
 Net Increase (Decrease) in Cash and Cash Equivalents	(293,268)	591,775
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,406,339	814,564
 CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,113,071	\$ 1,406,339

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF COLORADO
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2016

	Program Services			Support Services				
	Wish Granting	Program-Related Support	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	\$ 3,058,891	\$ -	\$ -	\$ 3,058,891	\$ -	\$ -	\$ -	\$ 3,058,891
Salaries, Taxes, and Benefits	394,538	7,245	32,391	434,174	446,136	400,941	847,077	1,281,251
Printing, Subscriptions, and Publications	2,395	42	195	2,632	29,934	687	30,621	33,253
Professional Fees	13,818	243	1,124	15,185	18,485	6,560	25,045	40,230
Rent and Utilities	64,056	1,126	5,209	70,391	54,853	31,174	86,027	156,418
Postage and Delivery	3,028	53	246	3,327	6,135	398	6,533	9,860
Travel	17,260	303	1,404	18,967	18,006	7,974	25,980	44,947
Meetings and Conferences	27,545	484	2,240	30,269	28,882	1,274	30,156	60,425
Office Supplies	12,558	221	1,022	13,801	8,527	4,020	12,547	26,348
Communications	4,675	82	380	5,137	4,909	2,003	6,912	12,049
Advertising and Media (Cash)	13,516	238	1,099	14,853	16,708	1,800	18,508	33,361
Repairs and Maintenance	6,739	118	548	7,405	5,639	3,202	8,841	16,246
Bank Charges	10,450	126	581	11,157	8,805	4,154	12,959	24,116
National Partnership Dues	105,091	1,848	8,546	115,485	17,142	13,557	30,699	146,185
Miscellaneous	989	17	80	1,086	870	438	1,308	2,393
Depreciation and Amortization	4,720	83	384	5,187	3,947	2,241	6,188	11,375
	<u>\$ 3,740,269</u>	<u>\$ 12,229</u>	<u>\$ 55,449</u>	<u>\$ 3,807,947</u>	<u>\$ 668,978</u>	<u>\$ 480,423</u>	<u>\$ 1,149,401</u>	<u>\$ 4,957,348</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF COLORADO
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2015

	Program Services			Support Services				
	Wish Granting	Program-Related Support	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	\$ 2,298,037	\$ -	\$ -	\$ 2,298,037	\$ -	\$ -	\$ -	\$ 2,298,037
Salaries, Taxes, and Benefits	305,345	4,148	64,245	373,738	433,183	365,385	798,568	1,172,306
Printing, Subscriptions, and Publications	2,274	31	479	2,784	21,957	1,053	23,010	25,794
Professional Fees	2,698	37	568	3,303	19,990	1,876	21,866	25,169
Rent and Utilities	48,616	661	10,229	59,506	57,359	34,265	91,624	151,130
Postage and Delivery	3,042	41	640	3,723	6,495	547	7,042	10,765
Travel	4,264	58	897	5,219	8,343	2,210	10,553	15,772
Meetings and Conferences	4,779	65	1,005	5,849	15,820	1,385	17,205	23,054
Office Supplies	21,367	290	4,496	26,153	20,906	11,789	32,695	58,848
Communications	3,878	53	816	4,747	5,490	2,431	7,921	12,668
Advertising and Media (Cash)	8,031	109	1,690	9,830	15,074	1,600	16,674	26,504
Advertising and Media (In-Kind)	-	-	-	-	1,950	-	1,950	1,950
Insurance	877	12	184	1,073	1,061	608	1,669	2,742
Bank Charges	6,319	86	1,330	7,735	12,423	4,147	16,570	24,305
National Partnership Dues	91,845	1,248	19,324	112,417	15,653	14,230	29,883	142,300
Miscellaneous	3,301	45	694	4,040	3,724	534	4,258	8,298
Depreciation and Amortization	3,990	50	835	4,875	4,824	2,767	7,591	12,466
	<u>\$ 2,808,663</u>	<u>\$ 6,934</u>	<u>\$ 107,432</u>	<u>\$ 2,923,029</u>	<u>\$ 644,252</u>	<u>\$ 444,827</u>	<u>\$ 1,089,079</u>	<u>\$ 4,012,108</u>

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Colorado (the Foundation) is a Colorado 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 \$988,124 and \$1,033,201, 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 \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. 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 3 to 10 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. 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 COLORADO
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 reported as follows at August 31:

	Support Services			2016 Total
	Programs	Fundraising	Management and General	
Program and Support Service Expenses				
Wish Related	\$ 925,332	\$ -	\$ -	\$ 925,332
Other	-	14,551	-	14,551
Total Program and Supported Service Expenses	<u>\$ 925,332</u>	<u>\$ 14,551</u>	<u>\$ -</u>	939,883
Investments (Asset)				45,364
Total				<u>\$ 985,247</u>

	Support Services			2015 Total
	Programs	Fundraising	Management and General	
Program and Support Service Expenses				
Wish Related	\$ 835,332	\$ -	\$ -	\$ 835,332
Advertising and Media	-	1,950	-	1,950
Other	-	7,175	-	7,175
Total Program and Supported Service Expenses	<u>\$ 835,332</u>	<u>\$ 9,125</u>	<u>\$ -</u>	<u>\$ 844,457</u>

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An internal special event is a fund raising 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.

Advertising and media are used to help the Foundation communicate its message or mission and includes fund raising 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 [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. Advertising costs totaled \$33,361 and \$28,454 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 Colorado 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 five functions: wish granting, program-related support, public information, 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.

Program-Related Support

Activities performed by the Foundation related to the wish program including the identification of wish candidates and the determination and delivery of each wish. Specific activities include, but are not limited to, the development of wish resources, handling of wish referrals, and administration of the wish program.

Public Information

Activities performed by the Foundation in communicating the purpose and services of the Foundation to all potential sources of wish referrals.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$31,595 and \$35,390 at August 31, 2016 and 2015, respectively.

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, valuation of investments and contributions receivable, accrued pending wish costs, net of attrition on pending wish costs and whether an allowance for uncollectible contributions receivable is required. The current economic environment continues to create a high degree of uncertainty in those estimates and assumptions.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 3 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

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

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

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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 Audit and Finance committee, which oversees the Foundation's investment program in accordance with established guidelines.

Fair Value Hierarchy

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

	Fair Value Measurements at August 31, 2016 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 171,856	\$ -	\$ -	\$ 171,856
International Equity	163,634	-	-	163,634
Bonds	223,563	-	-	223,563
Exchange-Traded Funds:				
Domestic Equity	317,649	-	-	317,649
International Equity	151,496	-	-	151,496
Real Estate	36,125	-	-	36,125
Bonds	126,846	-	-	126,846
Total	\$ 1,191,169	\$ -	\$ -	\$ 1,191,169

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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

	Fair Value Measurements at August 31, 2015 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 68,721	\$ -	\$ -	\$ 68,721
International Equity	172,409	-	-	172,409
Bonds	341,104	-	-	341,104
Exchange-Traded Funds:				
Domestic Equity	298,121	-	-	298,121
International Equity	110,580	-	-	110,580
Real Estate	49,847	-	-	49,847
Total	\$ 1,040,782	\$ -	\$ -	\$ 1,040,782

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	\$ 30,045	\$ 27,735
Realized and Unrealized Gains (Losses), Net	29,653	(87,437)
Investment Income (Loss), Net	\$ 59,698	\$ (59,702)

NOTE 4 CONTRIBUTIONS RECEIVABLE

All contributions receivable are due within the next twelve months. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2016 and 2015.

	2016	2015
Total Amounts Due in:		
One Year	\$ 188,565	\$ 140,758

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NOTE 5 TRANSACTIONS WITH RELATED ENTITIES

The Foundation received the following distributions from the National Organization for the year ended August 31:

	<u>2016</u>	<u>2015</u>
Corporate, Online, Whitemail and General Contributions	\$ 834,163	\$ 685,167
Gifts and Travel Reimbursements	10,593	-
Scholarships	2,889	5,240
Wish Fulfillment Fund	-	58,500
Other	66,769	16,767
Total Distributions Received	<u>\$ 914,414</u>	<u>\$ 765,674</u>

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

The Foundation paid to the National Organization the following amounts for the year ended August 31:

	<u>2016</u>	<u>2015</u>
Management Dues	\$ 146,183	\$ 167,209
Other	3,778	-
Total Amounts Paid	<u>\$ 149,961</u>	<u>\$ 167,209</u>

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 \$9,725 and \$9,825 for the years ended August 31, 2016 and 2015, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	<u>2016</u>	<u>2015</u>
Balance at August 31:		
Due from National Organization	\$ 87,524	\$ 52,725
Due from Other Chapters	8,879	4,729
Total Due from Related Entities	<u>\$ 96,403</u>	<u>\$ 57,454</u>
Due to National Organization	\$ -	\$ 371
Due to Other Chapters	9,404	7,743
Total Due to Related Entities	<u>\$ 9,404</u>	<u>\$ 8,114</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 \$73,994 and \$83,400, respectively.

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NOTE 6 PROPERTY AND EQUIPMENT, NET

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

	2016	2015
Computer Equipment and Software	\$ 52,611	\$ 49,655
Office Furniture	66,432	66,432
	119,043	116,087
Less Accumulated Depreciation and Amortization	(104,172)	(92,796)
Property and Equipment, Net	\$ 14,871	\$ 23,291

Depreciation expense totaled \$11,375 and \$12,466 for the years ended August 31, 2016 and 2015 respectively.

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 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 \$1,538,775.

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 105 and 80 reportable pending wishes, respectively.

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NOTE 8 LEASES

The Foundation is obligated under various operating leases for office space and equipment, which expire at various dates through July 1, 2020. Total rent expense for all operating leases for the years ended August 31, 2016 and 2015 totaled \$159,432 and \$158,538, respectively.

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

<u>Year Ending August 31:</u>	<u>Operating Leases</u>
2017	\$ 161,286
2018	162,830
2019	164,830
2020	150,486
Total	<u>\$ 639,432</u>

NOTE 9 TEMPORARILY 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	<u>\$ 188,565</u>	<u>\$ 140,758</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 5% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2016 and 2015 were \$58,244 and \$44,106, 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 \$343,821 and \$442,651, were received from a single donor for the years ended August 31, 2016 and 2015, respectively, which represents 7.69% and 10.5%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 12 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 13, 2017, the date at which the financial statements were available to be issued.