



CliftonLarsonAllen LLP  
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Board of Directors and Management  
Make-A-Wish Foundation of Oklahoma  
Oklahoma City, Oklahoma

In planning and performing our audit of the financial statements Make-A-Wish Foundation of Oklahoma as of and for the year ended August 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

#### **Material weaknesses**

We consider the following deficiencies in the entity's internal control to be material weaknesses.

- For a portion of the year, a top level executive was the primary check signer, and in some cases the only signer, on checks made out to himself. He also had the ability to withdraw cash from the business operating account. During our audit we identified various payments to the top level executive.

In the prior year letter, we recommended the organization implement certain changes to augment its internal controls over payments to the top level executive and we noted they were reasonably implemented during the year; however for a portion of the current year, these changes had not yet taken effect.

**Management's Response:** Internal controls have been implemented in response to the deficiency. Thresholds have been established defining when a second signature is required and Central Financial Services (CFS) prepares checks when the transactions have been approved. Additionally, banks have been notified of revised withdrawal policies and reconciliations are prepared by CFS.

- During the review of internal controls it was noted that there are improper reconciliation processes for some of the major audit areas. The accounts payable sub-ledger, bank statements, and revenue sub-ledger are not reconciled to the general ledger. These reports were obtained as of August 31, 2015 and had variances to the general ledger. It was also noted there is no review or approval process by either the CEO or Treasurer. The potential impact is that a material transaction would not be recorded in the general ledger, although, the variances noted were immaterial for fiscal year 2015. It is recommended the sub-ledgers and statements be reconciled to the general ledger on a monthly basis to ensure the activity is being properly monitored. It is also recommended that there be an approval process in place for these reconciliations.

Management's Response: Chapter has outsourced monthly reconciliation of accounts payable sub-ledger, bank statements, and revenue sub-ledger to general ledger to CFS. Reconciliations are reviewed internally by CFS but are also sent to Chapter's Treasurer and CEO for Chapter review in Chapter's Finance Committee. Finally, approval of monthly reconciliations is done in monthly Finance Committee meetings.

#### **Other deficiencies in internal control**

We noted other deficiencies in internal control that we have reported to management of Oklahoma City- Make-A-Wish Foundation of America in a separate letter dated February 8, 2016.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

\* \* \*

This communication is intended solely for the information and use of management, Board of Directors, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.

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**CliftonLarsonAllen LLP**

Lakeland, Florida  
February 8, 2016

## Management

Oklahoma City- Make-A-Wish Foundation of America  
Oklahoma City, Oklahoma

In planning and performing our audit of the financial statements of Oklahoma City- Make-A-Wish Foundation of America as of and for the year ended August 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. A separate communication dated February 8, 2016, contains our written communication of material weaknesses in the entity's internal control. This letter does not affect our communication dated February 8, 2016.

- The following is additional clarification regarding the material weaknesses identified in our written communication dated February 8, 2016.
  - It was noted that a completeness check was not performed on accounts payable at the end of the year to ensure that large invoices have been captured in accounts payable. CLA recommends that a process be implemented for the review of large invoices at year end to ensure all invoices are either properly recorded in accounts payable or accrued as an expense.

Management's Response: The process has been revised in response to the deficiency. Centralized Financial Services (CFS) initiates a process that includes account review and direct dialogue with the Chapter in advance of the end of each Fiscal Year to ensure any and all invoices have been captured in accounts payable.

- We would encourage formal documentation as part of the check signing process whereby the signor initials the invoice, or supporting document, to indicate it has been approved and agrees with the amounts included for payment.

Management's Response: Internal controls have been implemented in response to the deficiency. Thresholds have been established defining when a second signature is required and CFS prepares checks when the transactions have been approved. Additionally, banks have been notified of revised withdrawal policies and reconciliations are prepared by CFS.

- A review of invoices greater than 90 days is not being performed. CLA recommends that the organization should review invoices on the accounts payable aging that are over 90 days on a regular basis to ensure invoices are being paid in a timely manner.

Management's Response: The process has been revised in response to the deficiency. Invoices received at MAWOK are processed within two weeks for payment through Centralized Financial

Services. Once received, Centralized Financial Services processes payment immediately. Any outstanding checks are identified via monthly bank reconciliations by CFS and Chapter. Chapter staff reach out to vendors accordingly.

- During a walkthrough of the bank reconciliation process it was noted that it was prepared and reviewed outside the timeframe dictated by Make-A-Wish National. Bank reconciliations should be prepared 10 days after the end of the month and review by the CEO and Treasurer should be done within 30 days after the month end. CLA recommends bank reconciliations are prepared and reviewed timely and in accordance with Make a Wish National Standards. In addition, it was noted the reconciliation was prepared on a day other than the end of the month; CLA would encourage management to reconcile the balances as of month end such that the balance per the reconciliation agrees with the general ledger used for reporting purposes.

Management's Response: The process has been revised in response to the deficiency. Bank reconciliations are prepared by CFS and reviewed by the CEO and Finance Committee within 30 days after the month end. Month-end Financial Statements are prepared and provided to CEO, Treasurer/Chair of Finance Committee by the 15<sup>th</sup> business day following month end.

- The following matters were identified by CLA as areas that do not rise to a material weakness or significant deficiency level but are believed to be areas for improvement.
  - During the review of internal controls it was noted that cash disbursements were not being reviewed and cross-referenced with the invoices to ensure the check was properly written for most of the year.
  - There is no approval of the payroll process before the payroll reports are sent to Paychex. In addition, the Treasurer has not reviewed any payroll reports during the fiscal year under audit. CLA recommends that the payroll register be reviewed and approved by management to ensure employees are paid the proper amount.
  - There is no formal review of journal entries; we would encourage the Chapter CEO or Board Treasurer to review journal entries on an ongoing basis.
  - One expense report was identified which did not contain the receipt to support a particular purchase. We would encourage management to implement procedures to ensure all purchasing activity is matched against an original receipt.
  - We identified one check that met the threshold for two signature although only one signature was present. We recommend implementing another layer of oversight of the disbursement process to ensure this is monitored.
  - We noted the accumulated depreciation exceeds the cost basis for software by an immaterial amount. We encourage a review be performed over these account balances.
  - The lease agreement for the Tulsa office space is incomplete. We encourage management to work with the lessor to develop a formal agreement identifying specific terms including in-kind arrangements and fair value of rent.

- We noted the internal control policies and procedures manual has not been updated since 2013. We recommend an update be prepared to include any new significant accounting functions such as treatment of the wish family credit cards.

**Management's Response:** Processes have been adjusted and new internal control policies added to address the items noted above. These items have been discussed with the full Board and Finance Committee whereby action items were identified and new procedures were implemented as applicable.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, Board of Directors, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.

**CliftonLarsonAllen LLP**

Lakeland, Florida  
February 8, 2016

**OKLAHOMA CITY- MAKE-A-WISH FOUNDATION OF AMERICA**

**FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2015 AND 2014**

**OKLAHOMA CITY- MAKE-A-WISH FOUNDATION OF AMERICA  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Oklahoma City- Make-A-Wish Foundation of America  
Oklahoma City, Oklahoma

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. 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.



***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oklahoma City- Make-A-Wish Foundation of America as of August 31, 2015 and 2014, 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**

Lakeland, Florida  
February 8, 2016

**OKLAHOMA CITY- MAKE-A-WISH FOUNDATION OF AMERICA  
STATEMENTS OF FINANCIAL POSITION  
AUGUST 31, 2015 AND 2014**

<b>ASSETS</b>	<u>2015</u>	<u>2014</u>
Cash	\$ 1,039,953	\$ 880,078
Due from Related Entities	82,194	36,461
Prepaid Expenses	301	1,745
Contributions Receivable, Net	139,088	92,507
Other Assets	14,028	12,200
Property and Equipment, Net.	10,549	34,678
Beneficial Interest in Assets Held by Others	281,485	305,689
Total Assets	<u>\$ 1,567,598</u>	<u>\$ 1,363,358</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 187,682	\$ 168,010
Accrued Pending Wish Costs	1,077,199	746,793
Due to Related Entities	4,570	3,497
Total Liabilities	<u>1,269,451</u>	<u>918,300</u>
<b>NET ASSETS</b>		
Unrestricted	67,534	340,300
Temporarily Restricted	230,613	104,758
Total Net Assets	<u>298,147</u>	<u>445,058</u>
Total Liabilities and Net Assets	<u>\$ 1,567,598</u>	<u>\$ 1,363,358</u>

See accompanying Notes to Financial Statements.

**OKLAHOMA CITY- MAKE-A-WISH FOUNDATION OF AMERICA  
STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2015**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Net of Write-Offs	\$ 2,071,031	\$ 137,788	\$ 2,208,819
Grants	110,884	56,538	167,422
Total Public Support	<u>2,181,915</u>	<u>194,326</u>	<u>2,376,241</u>
Internal Special Events	589,985	36,287	626,272
Less Costs of Direct Benefits to Donors	<u>(57,663)</u>	<u>-</u>	<u>(57,663)</u>
Total Special Events	532,322	36,287	568,609
Other Income	12,754	-	12,754
Change in value of beneficial interest in assets held by others	(24,204)	-	(24,204)
Net Assets Released from Restrictions	<u>104,758</u>	<u>(104,758)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>2,807,545</u>	<u>125,855</u>	<u>2,933,400</u>
<b>EXPENSES</b>			
Program Services:			
Wish Granting	2,447,937	-	2,447,937
Total Program Services	<u>2,447,937</u>	<u>-</u>	<u>2,447,937</u>
Support Services:			
Fundraising	360,076	-	360,076
Management and General	272,298	-	272,298
Total Support Services	<u>632,374</u>	<u>-</u>	<u>632,374</u>
Total Program and Support Services Expense	3,080,311	-	3,080,311
Change in Net Assets	(272,766)	125,855	(146,911)
Net Assets, Beginning of Year	<u>340,300</u>	<u>104,758</u>	<u>445,058</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 67,534</u>	<u>\$ 230,613</u>	<u>\$ 298,147</u>

See accompanying Notes to Financial Statements.

**OKLAHOMA CITY- MAKE-A-WISH FOUNDATION OF AMERICA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2014**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Net of Write-Offs	\$ 1,810,647	\$ 84,104	\$ 1,894,751
Grants	157,820	-	157,820
Total Public Support	1,968,467	84,104	2,052,571
Internal Special Events	741,862	20,654	762,516
Less Costs of Direct Benefits to Donors	(98,284)	-	(98,284)
Total Special Events	643,578	20,654	664,232
Other Income	5,766	-	5,766
Change in value of beneficial interest in assets held by others	32,510	-	32,510
Net Assets Released from Restrictions	116,806	(116,806)	-
Total Revenues, Gains, and Other Support	2,767,127	(12,048)	2,755,079
<b>EXPENSES</b>			
Program Services:			
Wish Granting	2,183,597	-	2,183,597
Total Program Services	2,183,597	-	2,183,597
Support Services:			
Fundraising	427,857	-	427,857
Management and General	253,724	-	253,724
Total Support Services	681,581	-	681,581
Total Program and Support Services Expense	2,865,178	-	2,865,178
Change in Net Assets	(98,051)	(12,048)	(110,099)
Net Assets, Beginning of Year	438,351	116,806	555,157
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 340,300</b>	<b>\$ 104,758</b>	<b>\$ 445,058</b>

See accompanying Notes to Financial Statements.

**OKLAHOMA CITY- MAKE-A-WISH FOUNDATION OF AMERICA**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (146,911)	\$ (110,099)
Adjustments to reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	25,089	32,818
Bad Debt Expense and Other	6,602	
Change in Beneficial Interest in Assets Held by Others	24,204	(32,510)
Contributed Property and Equipment, Inventory and Investments	-	(3,895)
Changes in Assets and Liabilities:		
Contributions Receivable	(53,183)	(20,260)
Due from Related Entities	(45,733)	(6,944)
Prepaid Expenses	1,444	(1,172)
Other Assets	(1,828)	
Accounts Payable and Accrued Expenses	19,672	70,128
Accrued Pending Wish Costs	330,406	238,093
Due to Related Entities	1,073	3,347
Net Cash Provided by Operating Activities	<u>160,835</u>	<u>169,506</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(960)	(15,216)
Net Cash Used in Investing Activities	<u>(960)</u>	<u>(15,216)</u>
Net Increase in Cash	159,875	154,290
<b>CASH, BEGINNING OF YEAR</b>	880,078	725,788
<b>CASH, END OF YEAR</b>	<u>\$ 1,039,953</u>	<u>\$ 880,078</u>
Supplemental Cash flow information:		
Donated property and equipment, stock, and inventory	\$ -	\$ 3,895
Contributed services	384,771	242,794
In-kind contributions	805,418	503,605

See accompanying Notes to Financial Statements.

**OKLAHOMA CITY- MAKE-A-WISH FOUNDATION OF AMERICA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2015**

	Program Services		Support Services		Total
	Program Services	Fundraising	Management and General	Support Services	
	\$	\$	\$	\$	\$
Direct Costs of Wishes	1,942,992	-	-	-	1,942,992
Salaries, Taxes, and Benefits	313,388	218,596	170,718	389,314	702,702
Printing, Subscriptions, and Publications	3,231	9,088	502	9,590	12,821
Professional Fees	12,184	5,934	20,790	26,724	38,908
Rent and Utilities	48,341	22,852	16,699	39,551	87,892
Postage and Delivery	1,184	1,200	240	1,440	2,624
Travel	12,112	19,307	13,637	32,944	45,056
Meetings and Conferences	16,253	12,357	4,903	17,260	33,513
Office Supplies	7,120	4,246	2,934	7,180	14,300
Communications	8,911	5,264	2,216	7,480	16,391
Repairs and Maintenance	1,561	547	2,270	2,817	4,378
Insurance	-	-	100	100	100
Bad Debt Expense	10	6,592	-	6,592	6,602
Membership Dues	220	2,143	-	2,143	2,363
National Partnership Dues	47,961	22,672	16,568	39,240	87,201
Miscellaneous	18,670	22,755	15,954	38,709	57,379
Depreciation and Amortization	13,799	6,523	4,767	11,290	25,089
	\$ 2,447,937	\$ 360,076	\$ 272,298	\$ 632,374	\$ 3,080,311

See accompanying Notes to Financial Statements.

**OKLAHOMA CITY- MAKE-A-WISH FOUNDATION OF AMERICA  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED AUGUST 31, 2014**

	Program Services		Support Services		Total
	Program Services	Fundraising	Management and General	Support Services	
	\$ 1,703,048	\$ -	\$ -	\$ -	\$ 1,703,048
Direct Costs of Wishes	298,561	233,554	173,046	406,600	705,161
Salaries, Taxes, and Benefits	1,175	15,215	92	15,307	16,482
Printing, Subscriptions, and Publications	9,845	7,191	12,739	19,930	29,775
Professional Fees	37,531	29,084	18,766	47,850	85,381
Rent and Utilities	1,638	3,396	328	3,724	5,362
Postage and Delivery	11,588	17,648	13,543	31,191	42,779
Travel	14,755	16,907	6,253	23,160	37,915
Meetings and Conferences	7,714	7,434	3,345	10,779	18,493
Office Supplies	6,664	5,746	2,953	8,699	15,363
Communications	1,134	936	639	1,575	2,709
Repairs and Maintenance	215	1,824	-	1,824	2,039
Membership Dues	66,521	9,381	9,381	18,762	85,283
National Partnership Dues	8,768	68,383	5,419	73,802	82,570
Miscellaneous	14,440	11,158	7,220	18,378	32,818
Depreciation and Amortization	\$ 2,183,597	\$ 427,857	\$ 253,724	\$ 681,581	\$ 2,865,178

See accompanying Notes to Financial Statements.

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**OKLAHOMA CITY- MAKE-A-WISH FOUNDATION OF AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015 AND 2014**

**NOTE 1 ORGANIZATION**

Oklahoma City- Make-A-Wish Foundation of America (the Foundation) is a Oklahoma 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.

**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. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 7 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.

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.



**OKLAHOMA CITY- MAKE-A-WISH FOUNDATION OF AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015 AND 2014**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

The Foundation adopted the net asset value (NAV) per share or its equivalent for valuing certain investments in funds that do not have readily determinable fair values. NAV, in many instances, may not equal fair value.

**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.

**OKLAHOMA CITY- MAKE-A-WISH FOUNDATION OF AMERICA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015 AND 2014**

**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 included in the accompanying statements of activities as follows:

	<u>2015</u>	<u>2014</u>
Contributions:		
Wish Related	\$ 834,259	\$ 633,250
Property and Equipment	-	3,895
Other	24,843	55,644
Total	<u>\$ 859,102</u>	<u>\$ 692,789</u>
Special event revenue:		
Internal special events	<u>\$ 9,487</u>	<u>\$ 53,610</u>

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

Program or supporting services expenses were recorded at fair value totaling \$730,801 and \$746,399 in 2015 and 2014, respectively, with the difference recorded as other assets representing primarily auction items received and not yet used.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Foundation is a not-for-profit organization exempt from federal income and Oklahoma 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, 2015 and 2014. 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 that grant 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, 2015 and 2014, the Foundation incurred no significant joint costs for activities that include fundraising appeals.

**Management and General**

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

Expenses that benefit more than one function of the Foundation are allocated among the functions based generally on the amount of time spent by employees on each function.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**NOTE 3 FAIR VALUE MEASUREMENTS**

**Beneficial Interests in Assets Held by Others**

As of August 31, 2015 and 2014 respectively, the Foundation had a beneficial interest in assets held by others of \$281,485 and \$305,688. This interest consists of funds contributed to the Wishes Forever Endowment Fund at the National Office and to three separate community foundations: Oklahoma City Community Foundation, Communities Foundation of Oklahoma, and Tulsa Community Foundation. An endowment agreement has been signed between the chapter and National Office, as well as with each of the three separate community foundations. Distributions from the National Office and community foundations are made in accordance with spending policy adopted by the National Office and the board of directors for each respective community foundation. The National Office and community foundations have variance power as it relates to these assets. The beneficial interest in assets held by others of \$281,485 and \$305,688 as of August 31, 2015 and 2014 respectively, consists of funds contributed by the Foundation and the earnings thereon, net the distributions received. The beneficial interest in assets held by others are classified as unrestricted net assets in the statements for financial position. In addition, the three community foundations held approximate \$91,744 and \$84,876 at August 31, 2015 and 2014 respectively, that represents funds donated by others parties to be held for the benefit of the Foundation. These amounts are not included in Foundation's total assets or net assets at years ended August 31, 2015 and 2014.

**Fair Value Hierarchy**

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

	Fair Value Measurements at August 31, 2015 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Nonrecurring:				
Beneficial Interest in Asset Held by Others	\$ -	\$ -	\$ 281,485	\$ 281,485
Total	\$ -	\$ -	\$ 281,485	\$ 281,485

**OKLAHOMA CITY- MAKE-A-WISH FOUNDATION OF AMERICA  
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**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, 2014:

	Fair Value Measurements at August 31, 2014 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Nonrecurring:				
Beneficial Interest in Asset Held by Others	\$ -	\$ -	\$ 305,688	\$ 305,688
Total	\$ -	\$ -	\$ 305,688	\$ 305,688

For the valuation of beneficial interest in assets held by others at August 31, 2015 and August 31, 2014, the Foundation used significant unobservable inputs including information from owner-to-owner transactions and the foundation's own assumptions (Level 3).

The Foundation does not develop unobservable inputs for level 3 assets Fair Value is determined by asset values reported by third-party trustees.

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

Beginning Balance	(Level 3) \$ 305,689
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	(24,204)
Ending Balance	\$ 281,485
 Change in Unrealized Gains or Losses for the Period Included in the Change in Net Assets Relating to Investments Still Held at End of Reporting Period	 \$ (24,204)

The following table presents a rollforward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the year ended August 31, 2014:

Beginning Balance	(Level 3) \$ 273,179
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	32,510
Ending Balance	\$ 305,689
 Change in Unrealized Gains or Losses for the Period Included in the Change in Net Assets Relating to Investments Still Held at End of Reporting Period	 \$ 32,510

**OKLAHOMA CITY- MAKE-A-WISH FOUNDATION OF AMERICA  
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**NOTE 4 TRANSACTIONS WITH RELATED ENTITIES**

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2015 and 2014, respectively, the Foundation received \$467,106 and \$305,689, respectively, from these national revenue streams.

Conversely, the chapter pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation of America pays on behalf of the Foundation. Amounts totaling \$90,565 and \$93,460 were paid from the Foundation to the National Organization during the years ended August 31, 2015 and 2014, respectively.

Chapters who assist with the organization and granting of wishes from other chapters are paid a "fee for service" called the wish assist fee. Under this program, the Foundation received \$3,000 and \$1,800 for the years ended August 31, 2015 and 2014, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	<u>2015</u>	<u>2014</u>
Balance at August 31:		
Due from National Organization	\$ 81,156	\$ 35,430
Due from Other Chapters	1,038	1,031
Total Due from Related Entities	<u>\$ 82,194</u>	<u>\$ 36,461</u>
Due to Other Chapters	<u>\$ 4,570</u>	<u>\$ 3,497</u>

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

During 2015 and 2014 the Foundation received contributions, both cash and in-kind, from board members totaling \$18,857 and \$63,138, respectively. There were no amounts paid to related parties for goods and services used in foundation's operations.

**OKLAHOMA CITY- MAKE-A-WISH FOUNDATION OF AMERICA**  
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**NOTE 5 PROPERTY AND EQUIPMENT, NET**

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

	<u>2015</u>	<u>2014</u>
Computer Equipment and Software	57,007	57,007
Office Furniture	61,170	60,211
Other Equipment	<u>28,701</u>	<u>28,701</u>
	146,878	145,919
Less Accumulated Depreciation and Amortization	<u>(136,329)</u>	<u>(111,241)</u>
Property and Equipment, Net	<u>\$ 10,549</u>	<u>\$ 34,678</u>

Depreciation and amortization expense totaled \$25,089 and \$32,818 for the years ended August 31, 2015 and 2014, respectively.

**NOTE 6 ACCRUED PENDING WISH COSTS**

The Foundation accrues for estimated costs of reportable pending wishes as unconditional promises to give when five certain, measurable wish criteria are met. Prior to meeting these five criteria, the wish is considered a conditional promise to give due to the inherent uncertainties surrounding these criteria and is therefore not accrued as a pending wish liability. Reportable pending wish criteria include:

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

Estimated cash and in-kind costs owed as of year end for all reportable pending wishes are accrued as pending wish liability. The in-kind portion of the pending wish liability represents the estimated in-kind outlay that is expected to be incurred in fulfilling each wish; note that the matching in-kind revenues are recognized when an unconditional promise is received for the required goods or services or in the future period when the wish is granted.

The Foundation, as part of its estimate of accrued pending wish costs, also considers attrition on pending wish costs. An attrition rate is calculated by the Foundation by analyzing the trend of wishes that have been accrued for using the five criteria discussed above that have not been able to be completed within the past twelve months due to factors outside of the control of the chapter, such as the death of a child, the move of the family out of the chapter's territory, or loss of contact with the family. As of August 31, 2015 and 2014, the Foundation had approximately 98 and 74 reportable pending wishes, respectively.

**OKLAHOMA CITY- MAKE-A-WISH FOUNDATION OF AMERICA**  
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**NOTE 7 LEASES**

The Foundation is obligated under various operating leases for offices, which expire at various dates through March 31, 2017. Total rent expense for all operating leases for the years ended August 31, 2015 and 2014 totaled \$87,892 and \$85,381, 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>Amount</u>
2016	\$ 69,760
2017	40,793
Total Minimum Lease Payments	<u>\$ 110,553</u>

**NOTE 8 TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2015</u>	<u>2014</u>
Wish Granting	\$ 137,788	\$ 84,104
Restricted for Payroll	56,538	-
Special Event	36,287	20,654
Total Temporarily Restricted Net Assets	<u>\$ 230,613</u>	<u>\$ 104,758</u>

**NOTE 9 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 4% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2015 and 2014 were \$20,929 and \$20,769, respectively.

**NOTE 10 CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash. The Foundation places its cash 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.



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**NOTE 12 CONCENTRATIONS OF CREDIT RISK (CONTINUED)**

In-kind contributions totaling \$432,102 and \$401,363 were received from a single donor for the years ended August 31, 2015 and 2014, respectively, which represents 15% of total public support for both years. Should these contribution levels decrease, the Foundation may be adversely affected.

**NOTE 11 LITIGATION AND CLAIMS**

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

**NOTE 12 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through February 8, 2016, the date at which the financial statements were available to be issued.