

MAKE-A-WISH FOUNDATION® OF OKLAHOMA, INC.

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2017 AND 2016

**MAKE-A-WISH FOUNDATION® OF OKLAHOMA, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Oklahoma, Inc.
Oklahoma City, Oklahoma

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Oklahoma, Inc., which comprise the statements of financial position as of August 31, 2017 and 2016, 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 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 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.

Board of Directors
Make-A-Wish Foundation® of Oklahoma, Inc.

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 Oklahoma, Inc. as of August 31, 2017 and 2016, and changes in its net assets (deficit) 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

Lakeland, Florida
January 23, 2018

MAKE-A-WISH FOUNDATION® OF OKLAHOMA, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2017 AND 2016

	2017	2016
ASSETS		
Cash and Cash Equivalents	\$ 894,571	\$ 629,486
Due from Related Entities	22,737	18,430
Prepaid Expenses	18,247	17,491
Contributions Receivable	145,700	131,747
Other Assets	25,657	13,862
Property and Equipment, Net	11,700	16,946
Beneficial Interest in Assets Held by Others	300,374	279,934
Total Assets	\$ 1,418,986	\$ 1,107,896
LIABILITIES AND NET ASSETS (DEFICIT)		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 86,069	\$ 85,478
Accrued Pending Wish Costs, Cash	860,686	777,613
Accrued Pending Wish Costs, In-Kind	812,501	721,047
Due to Related Entities	1,223	-
Total Liabilities	1,760,479	1,584,138
NET ASSETS (DEFICIT)		
Unrestricted	(477,000)	(610,645)
Temporarily Restricted	135,507	134,403
Total Net Deficit	(341,493)	(476,242)
Total Liabilities and Net Deficit	\$ 1,418,986	\$ 1,107,896

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF OKLAHOMA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2017
(With Summary Totals For Year Ended August 31, 2016)

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 1,957,877	\$ 133,857	\$ 2,091,734	\$ 1,853,111
Grants	343,625	1,650	345,275	79,411
Total Public Support	<u>2,301,502</u>	<u>135,507</u>	<u>2,437,009</u>	<u>1,932,522</u>
Internal Special Events	413,745	-	413,745	629,685
Less Costs of Direct Benefits to Donors	<u>(86,061)</u>	<u>-</u>	<u>(86,061)</u>	<u>(59,553)</u>
Total Special Events	<u>327,684</u>	<u>-</u>	<u>327,684</u>	<u>570,132</u>
Other Income	2,250	-	2,250	3,468
Change in Value of Beneficial Interest in Assets Held by Others	24,955	-	24,955	7,628
Net Assets Released from Restrictions	<u>134,403</u>	<u>(134,403)</u>	<u>-</u>	<u>-</u>
 Total Revenues, Gains, and Other Support	 <u>2,790,794</u>	 <u>1,104</u>	 <u>2,791,898</u>	 <u>2,513,750</u>
EXPENSES				
Program Services:				
Wish Granting	<u>2,017,103</u>	<u>-</u>	<u>2,017,103</u>	<u>2,709,268</u>
Total Program Services	<u>2,017,103</u>	<u>-</u>	<u>2,017,103</u>	<u>2,709,268</u>
Support Services:				
Fundraising	456,823	-	456,823	379,379
Management and General	183,223	-	183,223	199,492
Total Support Services	<u>640,046</u>	<u>-</u>	<u>640,046</u>	<u>578,871</u>
 Total Program and Support Services Expense	 <u>2,657,149</u>	 <u>-</u>	 <u>2,657,149</u>	 <u>3,288,139</u>
 Change in Net Assets	 133,645	 1,104	 134,749	 (774,389)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>(610,645)</u>	<u>134,403</u>	<u>(476,242)</u>	<u>298,147</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ (477,000)</u>	<u>\$ 135,507</u>	<u>\$ (341,493)</u>	<u>\$ (476,242)</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF OKLAHOMA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 1,724,002	\$ 129,109	\$ 1,853,111
Grants	74,117	5,294	79,411
Total Public Support	1,798,119	134,403	1,932,522
Internal Special Events	629,685	-	629,685
Less Costs of Direct Benefits to Donors	(59,553)	-	(59,553)
Total Special Events	570,132	-	570,132
Other Income	3,468	-	3,468
Change in Value of Beneficial Interest in Assets Held by Others	7,628	-	7,628
Net Assets Released from Restrictions	230,613	(230,613)	-
 Total Revenues, Gains, and Other Support	 2,609,960	 (96,210)	 2,513,750
EXPENSES			
Program Services:			
Wish Granting	2,709,268	-	2,709,268
Total Program Services	2,709,268	-	2,709,268
Support Services:			
Fundraising	379,379	-	379,379
Management and General	199,492	-	199,492
Total Support Services	578,871	-	578,871
 Total Program and Support Services Expense	 3,288,139	 -	 3,288,139
 Change in Net Assets	 (678,179)	 (96,210)	 (774,389)
NET ASSETS, BEGINNING OF YEAR	 67,534	 230,613	 298,147
NET ASSETS (DEFICIT), END OF YEAR	 \$ (610,645)	 \$ 134,403	 \$ (476,242)

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF OKLAHOMA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Deficit	\$ 134,749	\$ (774,389)
Adjustments to Reconcile Change in Net Deficit to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	7,667	14,806
Loss on Sale of Property and Equipment	247	-
Change in Beneficial Interest in Assets Held by Others	(24,955)	(7,628)
Changes in Assets and Liabilities:		
Due from Related Entities	(4,307)	63,764
Prepaid Expenses	(756)	(17,190)
Contributions Receivable	(13,953)	7,341
Other Assets	(11,795)	166
Accounts Payable and Accrued Expenses	591	(102,204)
Accrued Pending Wish Costs	174,527	421,461
Due to Related Entities	1,223	(4,570)
Net Cash Provided (Used) by Operating Activities	263,238	(398,443)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(2,668)	(21,203)
Proceeds from Sales of Beneficial Interest in Assets Held by Others	4,515	9,179
Net Cash Provided (Used) by Investing Activities	1,847	(12,024)
Net Increase (Decrease) in Cash and Cash Equivalents	265,085	(410,467)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	629,486	1,039,953
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 894,571	\$ 629,486
SUPPLEMENTAL CASH FLOW INFORMATION		
In-Kind Contributions	\$ 794,460	\$ 884,747

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF OKLAHOMA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2017

	Total Program Services	Support Services			Total
		Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 1,550,777	\$ -	\$ -	\$ -	\$ 1,550,777
Salaries, Taxes, and Benefits	298,336	295,644	112,164	407,808	706,144
Printing, Subscriptions, and Publications	1,411	6,928	278	7,206	8,617
Professional Fees	21,789	20,487	29,714	50,201	71,990
Rent and Utilities	37,959	36,194	14,125	50,319	88,278
Postage and Delivery	843	2,991	87	3,078	3,921
Travel	4,624	8,631	2,366	10,997	15,621
Meetings and Conferences	4,893	13,003	6,136	19,139	24,032
Office Supplies	16,610	3,579	1,842	5,421	22,031
Communications	6,812	5,601	1,774	7,375	14,187
Advertising and Media (Cash)	-	5,873	-	5,873	5,873
Advertising and Media (In-Kind)	-	24,371	-	24,371	24,371
Repairs and Maintenance	2,178	2,148	879	3,027	5,205
Membership Dues	482	1,725	65	1,790	2,272
National Partnership Dues	53,415	6,761	7,437	14,198	67,613
Miscellaneous	13,677	19,744	5,129	24,873	38,550
Depreciation and Amortization	3,297	3,143	1,227	4,370	7,667
Special Event Expenses	-	86,061	-	86,061	86,061
Investment Fees	-	-	2,947	2,947	2,947
	<u>2,017,103</u>	<u>542,884</u>	<u>186,170</u>	<u>729,054</u>	<u>2,746,157</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(86,061)	-	(86,061)	(86,061)
Investment Fees	-	-	(2,947)	(2,947)	(2,947)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,017,103</u>	<u>\$ 456,823</u>	<u>\$ 183,223</u>	<u>\$ 640,046</u>	<u>\$ 2,657,149</u>

See accompanying Notes to Financial Statements.

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

	Total Program Services	Support Services		Total Support Services	Total
		Fundraising	Management and General		
Direct Costs of Wishes	\$ 2,161,153	\$ -	\$ -	\$ -	\$ 2,161,153
Salaries, Taxes, and Benefits	367,083	263,370	124,879	388,249	755,332
Printing, Subscriptions, and Publications	1,882	8,828	105	8,933	10,815
Professional Fees	15,717	11,613	32,785	44,398	60,115
Rent and Utilities	42,626	30,193	15,985	46,178	88,804
Postage and Delivery	1,050	3,265	184	3,449	4,499
Travel	12,885	14,818	6,123	20,941	33,826
Meetings and Conferences	10,071	3,847	2,078	5,925	15,996
Office Supplies	13,567	3,434	2,781	6,215	19,782
Communications	8,843	6,084	2,133	8,217	17,060
Advertising and Media (Cash)	65	7,061	4	7,065	7,130
Repairs and Maintenance	2,839	2,069	1,389	3,458	6,297
Membership Dues	1,723	3,768	1,052	4,820	6,543
National Partnership Dues	58,976	8,958	6,719	15,677	74,653
Miscellaneous	3,681	7,037	610	7,647	11,328
Depreciation and Amortization	7,107	5,034	2,665	7,699	14,806
Special Event Expenses	-	59,553	-	59,553	59,553
Investment Fees	-	-	2,561	2,561	2,561
	<u>2,709,268</u>	<u>438,932</u>	<u>202,053</u>	<u>640,985</u>	<u>3,350,253</u>
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(59,553)	-	(59,553)	(59,553)
Investment Fees	-	-	(2,561)	(2,561)	(2,561)
	<u>-</u>	<u>-</u>	<u>(2,561)</u>	<u>(2,561)</u>	<u>(2,561)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 2,709,268</u>	<u>\$ 379,379</u>	<u>\$ 199,492</u>	<u>\$ 578,871</u>	<u>\$ 3,288,139</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Oklahoma, Inc. (the Foundation) is an Oklahoma nonprofit 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 nonprofit 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.

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.

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, 2017 and 2016.

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 three to seven years.

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.

MAKE-A-WISH FOUNDATION® OF OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

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.

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. The Foundation has no permanently restricted net assets as of August 31, 2017 and 2016.
- **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 OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

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 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.

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

	August 31, 2017			
	Programs	Fundraising	Management and General	Total
Wish Related	\$ 724,036	\$ -	\$ -	\$ 724,036
Professional Services	-	-	2,500	2,500
Rent	8,607	8,207	3,203	20,017
Advertising and Media	-	24,371	-	24,371
Other	11,424	3,984	4,791	20,200
	\$ 744,067	\$ 36,563	\$ 10,494	791,124
Special Events				3,336
Total				\$ 794,460

MAKE-A-WISH FOUNDATION® OF OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

	August 31, 2016			
	Programs	Fundraising	Management and General	Total
Wish Related	\$ 840,408	\$ -	\$ -	\$ 840,408
Rent	9,141	6,475	3,428	19,044
Other	15,593	924	649	17,166
	\$ 865,142	\$ 7,399	\$ 4,077	876,618
Special Events				6,467
Inventory (Asset)				1,662
Total				\$ 884,747

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.

Advertising and media is 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.

Donated advertising and media is reported as contribution revenue and fundraising or public information expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

Income Taxes

The Foundation is a nonprofit organization exempt from federal and Oklahoma income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and the applicable state provisions. 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, 2017 and 2016. The Foundation files income tax returns in the U.S. federal jurisdiction and State of Oklahoma jurisdiction.

MAKE-A-WISH FOUNDATION® OF OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 specific programs or fundraising activities, 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 and whether an allowance for uncollectible contributions receivable is required.

Reclassifications

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

MAKE-A-WISH FOUNDATION® OF OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

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, 2017 and 2016, 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.

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, 2017:

	Quoted Prices			Total
	in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets:				
Nonrecurring:				
Beneficial Interest in Assets Held by Others	\$ -	\$ -	\$ 300,374	\$ 300,374
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,374</u>	<u>\$ 300,374</u>

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:

	Quoted Prices			Total
	in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets:				
Nonrecurring:				
Beneficial Interest in Assets Held by Others	\$ -	\$ -	\$ 279,934	\$ 279,934
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,934</u>	<u>\$ 279,934</u>

MAKE-A-WISH FOUNDATION® OF OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

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

The following table presents a roll forward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the years ended August 31, 2017 and 2016:

	2017	2016
Beginning Balance	\$ 279,934	\$ 281,485
Total Gains or (Losses) (Realized/Unrealized)		
Included in Changes in Net Assets	24,955	7,628
Sales	(4,515)	(9,179)
Ending Balance	<u>\$ 300,374</u>	<u>\$ 279,934</u>
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	<u>\$ 24,955</u>	<u>\$ 7,628</u>

Beneficial Interests in Assets Held by Others

As of August 31, 2017 and 2016, respectively, the Foundation had a beneficial interest in assets held by others of \$300,374 and \$279,934. 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 \$300,374 and \$279,934 as of August 31, 2017 and 2016, respectively, consists of funds contributed by the Foundation and the earnings thereon, net of distributions received. The beneficial interest in assets held by others is classified as unrestricted net assets in the statements of financial position. In addition, the three community foundations held approximately \$97,303 and \$93,564 at August 31, 2017 and 2016, 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 as of August 31, 2017 and 2016.

MAKE-A-WISH FOUNDATION® OF OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
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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, 2017 and 2016, the Foundation received \$365,261 and \$372,632, respectively, from these national revenue streams.

As part of the National Organization's Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation received \$175,000 during the year ended August 31, 2017. The chapter did not receive or contribute to this fund during the year ended August 31, 2016.

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 \$125,871 and \$110,115 were paid from the Foundation to the National Organization during the years ended August 31, 2017 and 2016, 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 \$1,500 and \$1,500 for the years ended August 31, 2017 and 2016, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	<u>2017</u>	<u>2016</u>
Balance at August 31:		
Due from National Organization	22,487	\$ 18,430
Due from Other Chapters	250	-
Total Due from Related Entities	<u>\$ 22,737</u>	<u>\$ 18,430</u>
Due to National Organization	286	-
Due to Other Chapters	937	-
Total Due to Related Entities	<u>\$ 1,223</u>	<u>\$ -</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. Amounts due to the National Organization generally represent unpaid chapter dues and services.

During 2017 and 2016, the Foundation received contributions, both cash and in-kind, from board members totaling \$56,149 and \$48,638, respectively. There were no amounts paid to related parties for goods and services used in foundation's operations.

MAKE-A-WISH FOUNDATION® OF OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 PROPERTY AND EQUIPMENT, NET

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

	2017	2016
Computer Equipment and Software	\$ 62,023	\$ 59,356
Office Furniture	76,373	89,871
	138,396	149,227
Less Accumulated Depreciation and Amortization	(126,696)	(132,281)
Property and Equipment, Net	\$ 11,700	\$ 16,946

Depreciation and amortization expense totaled \$7,667 and \$14,806 for the years ended August 31, 2017 and 2016, respectively.

NOTE 6 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 are accrued as pending wish liability at year-end for all reportable pending wishes. The in-kind portion of the pending wish liability includes the estimated in-kind expenses that are 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, 2017, would be increased by \$720,073 resulting in adjusted net assets of \$381,731.

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NOTE 6 ACCRUED PENDING WISH COSTS (CONTINUED)

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, 2017 and 2016, the Foundation had approximately 162 and 136 reportable pending wishes, respectively.

NOTE 7 LEASES

The Foundation is obligated under various operating leases for offices, which expire at various dates through November 30, 2022. Total rent expense for all operating leases for the years ended August 31, 2017 and 2016, totaled \$88,278 and \$88,804, 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>
2018	\$ 63,292
2019	66,044
2020	66,044
2021	66,044
2022	66,044
Thereafter	16,512
Total	<u>\$ 343,980</u>

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Wish Granting	\$ 118,827	\$ 134,403
Office Rent	16,680	-
Special Event	-	-
Total Temporarily Restricted Net Assets	<u>\$ 135,507</u>	<u>\$ 134,403</u>

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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, 2017 and 2016, were \$19,487 and \$20,127, 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.

In-kind contributions totaling \$427,622 and \$480,046 were received from a single donor for the years ended August 31, 2017 and 2016, respectively, which represents 18% and 25%, respectively of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 11 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 12 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 23, 2018, the date at which the financial statements were available to be issued.