

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

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2016 AND 2015

**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, 2016 and 2015, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2016 and 2015, and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
March 7, 2017

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

	2016	2015
ASSETS		
Cash and Cash Equivalents	\$ 629,486	\$ 1,039,953
Due from Related Entities	18,430	82,194
Prepaid Expenses	17,491	301
Contributions Receivable, Net	131,747	139,088
Other Assets	13,862	14,028
Property and Equipment, Net	16,946	10,549
Beneficial Interest in Assets Held by Others	279,934	281,485
Total Assets	\$ 1,107,896	\$ 1,567,598
LIABILITIES AND NET ASSETS (DEFICIT)		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 85,478	\$ 187,682
Accrued Pending Wish Costs, Cash	777,613	505,895
Accrued Pending Wish Costs, In-Kind	721,047	571,304
Due to Related Entities	-	4,570
Total Liabilities	1,584,138	1,269,451
NET ASSETS (DEFICIT)		
Unrestricted	(610,645)	67,534
Temporarily Restricted	134,403	230,613
Total Net Assets (Deficit)	(476,242)	298,147
Total Liabilities and Net Assets (Deficit)	\$ 1,107,896	\$ 1,567,598

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	2016 Total	Total 2015
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 1,724,002	\$ 129,109	\$ 1,853,111	\$ 2,208,819
Grants	74,117	5,294	79,411	167,422
Total Public Support	<u>1,798,119</u>	<u>134,403</u>	<u>1,932,522</u>	<u>2,376,241</u>
Internal Special Events	629,685	-	629,685	626,272
Less Costs of Direct Benefits to Donors	<u>(59,553)</u>	<u>-</u>	<u>(59,553)</u>	<u>(57,663)</u>
Total Special Events	<u>570,132</u>	<u>-</u>	<u>570,132</u>	<u>568,609</u>
Other Income	3,468	-	3,468	12,754
Change in Value of Beneficial Interest in Assets Held by Others	7,628	-	7,628	(24,204)
Net Assets Released from Restrictions	<u>230,613</u>	<u>(230,613)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>2,609,960</u>	<u>(96,210)</u>	<u>2,513,750</u>	<u>2,933,400</u>
EXPENSES				
Program Services:				
Wish Granting	<u>2,709,268</u>	<u>-</u>	<u>2,709,268</u>	<u>2,449,040</u>
Total Program Services	<u>2,709,268</u>	<u>-</u>	<u>2,709,268</u>	<u>2,449,040</u>
Support Services:				
Fundraising	379,379	-	379,379	360,076
Management and General	<u>199,492</u>	<u>-</u>	<u>199,492</u>	<u>271,195</u>
Total Support Services	<u>578,871</u>	<u>-</u>	<u>578,871</u>	<u>631,271</u>
Total Program and Support Services Expense	<u>3,288,139</u>	<u>-</u>	<u>3,288,139</u>	<u>3,080,311</u>
Change in Net Assets	(678,179)	(96,210)	(774,389)	(146,911)
Net Assets - Beginning of Year	<u>67,534</u>	<u>230,613</u>	<u>298,147</u>	<u>445,058</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u><u>\$ (610,645)</u></u>	<u><u>\$ 134,403</u></u>	<u><u>\$ (476,242)</u></u>	<u><u>\$ 298,147</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF OKLAHOMA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
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	2,181,915	194,326	2,376,241
Internal Special Events	589,985	36,287	626,272
Less Costs of Direct Benefits to Donors	(57,663)	-	(57,663)
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	104,758	(104,758)	-
Total Revenues, Gains, and Other Support	2,807,545	125,855	2,933,400
EXPENSES			
Program Services:			
Wish Granting	2,449,040	-	2,449,040
Total Program Services	2,449,040	-	2,449,040
Support Services:			
Fundraising	360,076	-	360,076
Management and General	271,195	-	271,195
Total Support Services	631,271	-	631,271
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	340,300	104,758	445,058
NET ASSETS - END OF YEAR	\$ 67,534	\$ 230,613	\$ 298,147

See accompanying Notes to Financial Statements.

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

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (774,389)	\$ (146,911)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	14,806	25,089
Bad Debt Expense	-	6,602
Change in Beneficial Interest in Assets Held by Others	(7,628)	24,204
Changes in Assets and Liabilities:		
Due from Related Entities	63,764	(45,733)
Prepaid Expenses	(17,190)	1,444
Contributions Receivable	7,341	(53,183)
Other Assets	166	(1,828)
Accounts Payable and Accrued Expenses	(102,204)	19,672
Accrued Pending Wish Costs	421,461	330,406
Due to Related Entities	(4,570)	1,073
Net Cash Provided (Used) by Operating Activities	<u>(398,443)</u>	<u>160,835</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(21,203)	(960)
Proceeds from Sales of Beneficial Interest in Assets Held by Others	9,179	-
Net Cash Provided (Used) by Investing Activities	<u>(12,024)</u>	<u>(960)</u>
Net Increase (Decrease) in Cash	(410,467)	159,875
CASH - BEGINNING OF YEAR	<u>1,039,953</u>	<u>880,078</u>
CASH - END OF YEAR	<u>\$ 629,486</u>	<u>\$ 1,039,953</u>
Supplemental Cash Flow Information:		
In-Kind Contributions	<u>\$ 884,747</u>	<u>\$ 867,270</u>

See accompanying Notes to Financial Statements.

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

	<u>Program Services</u>	<u>Support Services</u>			
	Total Program Services	Fundraising	Management and General	Total Support Services	
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	15,889	105	15,994	17,876
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	65	-	4	4	69
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
	<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.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2015

	Program Services	Support Services			Total
	Total Program Services	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 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	1,103	-	15,976	15,976	17,079
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	484	2,143	122	2,265	2,749
National Partnership Dues	47,961	22,672	16,568	39,240	87,201
Miscellaneous	30,590	28,689	19,543	48,232	78,822
Depreciation and Amortization	13,799	6,523	4,767	11,290	25,089
	<u>\$ 2,449,040</u>	<u>\$ 360,076</u>	<u>\$ 271,195</u>	<u>\$ 631,271</u>	<u>\$ 3,080,311</u>

See accompanying Notes to Financial Statements.

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

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. 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 three to seven 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.

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

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, 2016 and 2015.
- **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, 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, 2016:

	Support Services			2016 Total
	Programs	Fundraising	Management and General	
Program and Support Service Expenses:				
Wish Related	\$ 840,408	\$ -	\$ -	\$ 840,408
Rent	9,141	6,475	3,428	19,044
Other	15,593	924	649	17,166
Total Program and Support Service Expenses	865,142	7,399	4,077	876,618
Direct Donor Benefit Expenses, Netted with Special Event Revenue	-	6,467	-	6,467
Total	\$ 865,142	\$ 13,866	\$ 4,077	883,085
Inventory (Asset)				1,662
Total				\$ 884,747

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Foundation received in-kind contributions of assets and services that are reported as follows at August 31, 2015:

	Support Services			2015 Total
	Programs	Fundraising	Management and General	
Program and Support Service Expenses:				
Wish Related	\$ 832,461	\$ -	\$ -	\$ 832,461
Rent	-	-	3,445	3,445
Other	18,033	4,714	-	22,747
Total Program and Supported Service Expenses	850,494	4,714	3,445	858,653
Direct Donor Benefit Expenses, Netted with Special Event Revenue	-	8,617	-	8,617
Total	\$ 850,494	\$ 13,331	\$ 3,445	\$ 867,270

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.

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, 2016 and 2015. 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, 2016 AND 2015

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 wish granting or fundraising, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

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

Management Estimates

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

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying 2015 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, 2016 AND 2015

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 table(s) 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.

Fair Value Hierarchy

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

	Fair Value Measurements at August 31, 2016 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Nonrecurring:				
Beneficial Interest in Assets Held by Others	\$ -	\$ -	\$ 279,934	\$ 279,934
Total	\$ -	\$ -	\$ 279,934	\$ 279,934

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 Assets Held by Others	\$ -	\$ -	\$ 281,485	\$ 281,485
Total	\$ -	\$ -	\$ 281,485	\$ 281,485

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

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

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

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, 2016 and 2015:

	2016	2015
Beginning Balance	\$ 281,485	\$ 305,689
Total Gains or (Losses) (Realized/Unrealized)		
Included in Changes in Net Assets	7,628	(24,204)
Sales	(9,179)	-
Ending Balance	<u>\$ 279,934</u>	<u>\$ 281,485</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>\$ 7,628</u>	<u>\$ (24,204)</u>

Beneficial Interests in Assets Held by Others

As of August 31, 2016 and 2015 respectively, the Foundation had a beneficial interest in assets held by others of \$279,934 and \$281,485. 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 \$279,934 and \$281,485 as of August 31, 2016 and 2015 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 \$93,564 and \$91,744 at August 31, 2016 and 2015, 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, 2016 and 2015.

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.

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

NOTE 5 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2016 and 2015, the Foundation received \$372,632 and \$467,106, 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 and for services provided by the National Organization. Amounts totaling \$110,115 and \$90,565 were paid from the Foundation to the National Organization during the years ended August 31, 2016 and 2015, respectively.

Chapters who assist with the organization and granting of wishes from other chapters are paid a “fee for service” called the wish assist fee. Under this program, the Foundation received \$1,500 and \$3,000 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	\$ 18,430	\$ 81,156
Due from Other Chapters	-	1,038
Total Due from Related Entities	<u>\$ 18,430</u>	<u>\$ 82,194</u>
Due to Other Chapters	<u>\$ -</u>	<u>\$ 4,570</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 \$48,638 and \$18,857, respectively. There were no amounts paid to related parties for goods and services used in foundation’s operations.

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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	\$ 59,356	\$ 57,007
Office Furniture	89,871	89,871
	149,227	146,878
Less Accumulated Depreciation and Amortization	(132,281)	(136,329)
Property and Equipment, Net	\$ 16,946	\$ 10,549

Depreciation and amortization expense totaled \$14,806 and \$25,089 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 \$110,442.

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NOTE 7 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, 2016 and 2015, the Foundation had approximately 136 and 98 reportable pending wishes, respectively.

NOTE 8 LEASES

The Foundation is obligated under various operating leases for offices, which expire at various dates through March 31, 2018. Total rent expense for all operating leases for the years ended August 31, 2016 and 2015 totaled \$88,804 and \$87,892, 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>
2017	\$ 69,760
2018	40,693
Total Minimum Lease Payments	<u><u>\$ 110,453</u></u>

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2016</u>	<u>2015</u>
Wish Granting	\$ 134,403	\$ 137,788
Restricted for Payroll	-	56,538
Special Event	-	36,287
Total Temporarily Restricted Net Assets	<u><u>\$ 134,403</u></u>	<u><u>\$ 230,613</u></u>

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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 4% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2016 and 2015 were \$20,127 and \$20,929, respectively.

NOTE 11 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 \$480,046 and \$432,102 were received from a single donor for the years ended August 31, 2016 and 2015, respectively, which represents 25% and 18%, respectively of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 12 LITIGATION AND CLAIMS

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

NOTE 13 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through March 7, 2017, the date at which the financial statements were available to be issued.