**MAKE-A-WISH FOUNDATION® OF OHIO,
KENTUCKY & INDIANA**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2016 AND 2015

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Ohio, Kentucky & Indiana
Columbus, Ohio

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Ohio, Kentucky & Indiana, 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 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 Make-A-Wish Foundation® of Ohio, Kentucky & Indiana as of August 31, 2016 and 2015, and change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
January 27, 2017

MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2016 AND 2015

	2016	2015
ASSETS		
Cash and Cash Equivalents	$ 2,234,864	$ 1,071,665
Investments	8,276	750,397
Due from Related Entities	219,783	172,501
Prepaid Expenses	96,884	106,812
Contributions Receivable, Net	1,762,265	1,651,249
Other Assets	37,830	31,296
Split-Interest Agreements	105,835	117,920
Investments Held for Long-Term Purposes	4,106,370	3,887,094
Property and Equipment, Net.	162,401	216,501
Beneficial Interest in Assets Held by Others	341,993	336,666
Total Assets	$ 9,076,501	$ 8,342,101
LIABILITIES AND NET ASSETS (DEFICIT)		
Accounts Payable and Accrued Expenses	$ 430,782	$ 583,563
Accrued Pending Wish Costs - Cash	5,848,267	4,233,871
Accrued Pending Wish Costs - In-Kind	3,900,481	3,290,273
Due to Related Entities	20,020	51,068
Other Liabilities	70,478	36,647
Total Liabilities	10,270,028	8,195,422
NET ASSETS (DEFICIT)		
Unrestricted	(4,059,314)	(2,363,973)
Temporarily Restricted	2,388,323	2,033,188
Permanently Restricted	477,464	477,464
Total Net Assets (Deficit)	(1,193,527)	146,679
Total Liabilities and Net Assets (Deficit)	$ 9,076,501	$ 8,342,101

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2016
WITH SUMMARY TOTALS FOR THE YEAR ENDED AUGUST 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2015 Total
REVENUES, GAINS AND OTHER SUPPORT					
Public Support:					
Contributions, Net of Write-Offs	$ 12,777,881	$ 1,773,602	$ -	$ 14,551,483	$ 12,975,954
Grants	518,490	151,899	-	670,389	243,100
Total Public Support	13,296,371	1,925,501	-	15,221,872	13,219,054
Internal Special Events	2,120,735	103,236	-	2,223,971	1,838,342
Less Costs of Direct Benefits to Donors	(520,796)	-	-	(520,796)	(370,400)
Total Special Events	1,599,939	103,236	-	1,703,175	1,467,942
Investment Income (Loss), Net	193,461	38,940	-	232,401	(20,950)
Other Income	60,951	-	-	60,951	19,583
Change in Value of Beneficial Interest in Trusts	-	(12,085)	-	(12,085)	(764)
Net Assets Released from Restrictions	1,700,457	(1,700,457)	-	-	-
Total Revenues, Gains, and Other Support	16,851,179	355,135	-	17,206,314	14,684,865
EXPENSES					
Program Services:	14,423,720	-	-	14,423,720	14,555,596
Support Services:					
Fundraising	2,225,320	-	-	2,225,320	1,896,643
Management and General	1,897,480	-	-	1,897,480	1,582,119
Total Support Services	4,122,800	-	-	4,122,800	3,478,762
Total Expenses and Losses	18,546,520	-	-	18,546,520	18,034,358
Change in Net Assets	(1,695,341)	355,135	-	(1,340,206)	(3,349,493)
Net Assets, Beginning of Year	(2,363,973)	2,033,188	477,464	146,679	3,496,172
NET ASSETS (DEFICIT), END OF YEAR	$ (4,059,314)	$ 2,388,323	$ 477,464	$ (1,193,527)	$ 146,679

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	$ 11,398,317	$ 1,577,637	$ -	$ 12,975,954
Grants	188,100	55,000	-	243,100
Total Public Support	11,586,417	1,632,637	-	13,219,054
Internal Special Events	1,770,522	67,820	-	1,838,342
Less Costs of Direct Benefits to Donors	(370,400)	-	-	(370,400)
Total Special Events	1,400,122	67,820	-	1,467,942
Investment Loss, Net	(18,189)	(2,761)	-	(20,950)
Other Income	19,583	-	-	19,583
Change in Value of Beneficial Interest in Trusts	-	(764)		(764)
Net Assets Released from Restrictions	1,579,163	(1,579,163)	-	-
Total Revenues, Gains, and Other Support	14,567,096	117,769	-	14,684,865
EXPENSES				
Program Services:	14,555,596	-	-	14,555,596
Support Services:				
Fundraising	1,896,643	-	-	1,896,643
Management and General	1,582,119	-	-	1,582,119
Total Support Services	3,478,762	-	-	3,478,762
Total Expenses and Losses	18,034,358	-	-	18,034,358
Change in Net Assets	(3,467,262)	117,769	-	(3,349,493)
Net Assets, Beginning of Year	1,103,289	1,915,419	477,464	3,496,172
NET ASSETS, END OF YEAR	$ (2,363,973)	$ 2,033,188	$ 477,464	$ 146,679

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (1,340,206)	$ (3,349,493)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	104,538	96,327
Net Realized and Unrealized (Gains) Losses on Investments	(187,736)	63,915
Loss (Gain) on Sale of Property and Equipment	(1,443)	2,584
Contributed Property and Equipment, Inventory and Investments	(59,115)	(220,738)
Change in Value of Beneficial Interest in Trusts	12,085	764
Change in Attrition on Accrued Pending Wish Costs	(140,635)	(105,300)
Changes in Assets and Liabilities:		
Contributions Receivable	(111,016)	(26,397)
Due from Related Entities	(47,282)	47,524
Prepaid Expenses	9,928	(47,207)
Other Assets	(6,534)	10,920
Accounts Payable and Accrued Expenses	(152,781)	253,509
Accrued Pending Wish Costs	2,365,239	2,433,931
Due to Related Entities	(31,048)	(21,328)
Other Liabilities	33,831	(80,184)
Net Cash Provided by (Used in) Operating Activities	447,825	(941,173)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(402,039)	(197,732)
Proceeds from Sales of Investments	1,161,158	1,519,402
Purchases of Property and Equipment	(43,745)	(114,487)
Net Cash Provided by Investing Activities	715,374	1,207,183
Net Increase in Cash and Cash Equivalents	1,163,199	266,010
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,071,665	805,655
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,234,864	$ 1,071,665

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2016

	Program Services	Support Services			
	Wish Granting	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	$ 11,920,699	$ -	$ -	$ -	$ 11,920,699
Salaries, Taxes, and Benefits	1,650,142	1,249,374	1,443,658	2,693,032	4,343,174
Printing, Subscriptions, and Publications	4,090	222,882	1,285	224,167	228,257
Professional Fees	48,048	287,207	38,530	325,737	373,785
Rent and Utilities	158,026	122,782	123,948	246,730	404,756
Postage and Delivery	43,708	18,285	23,584	41,869	85,577
Travel	68,063	93,829	11,979	105,808	173,871
Meetings and Conferences	49,647	55,014	20,901	75,915	125,562
Office Supplies	26,093	20,657	19,742	40,399	66,492
Communications	65,592	49,829	48,370	98,199	163,791
Repairs and Maintenance	27,773	21,349	22,093	43,442	71,215
National Partnership Dues	287,332	41,760	34,620	76,380	363,712
Depreciation and Amortization	40,770	31,478	32,290	63,768	104,538
Miscellaneous	33,737	10,874	76,480	87,354	121,091
	$ 14,423,720	$ 2,225,320	$ 1,897,480	$ 4,122,800	$ 18,546,520

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF OHIO, KENTUCKY & INDIANA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2015

	Program Services	Support Services			
	Wish Granting	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	$ 12,341,382	$ -	$ -	$ -	$ 12,341,382
Salaries, Taxes, and Benefits	1,442,147	1,127,254	1,200,638	2,327,892	3,770,039
Printing, Subscriptions, and Publications	3,931	146,173	282	146,455	150,386
Professional Fees	46,688	167,384	31,966	199,350	246,038
Rent and Utilities	126,795	102,675	91,446	194,121	320,916
Postage and Delivery	33,349	16,860	14,288	31,148	64,497
Travel	66,987	80,242	12,338	92,580	159,567
Meetings and Conferences	38,657	60,933	18,550	79,483	118,140
Office Supplies	28,176	22,898	22,170	45,068	73,244
Communications	67,200	63,024	45,989	109,013	176,213
Repairs and Maintenance	26,844	21,723	19,370	41,093	67,937
National Partnership Dues	286,886	49,488	40,748	90,236	377,122
Depreciation and Amortization	38,003	30,825	27,499	58,324	96,327
Miscellaneous	8,551	7,164	56,835	63,999	72,550
	$ 14,555,596	$ 1,896,643	$ 1,582,119	$ 3,478,762	$ 18,034,358

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Ohio, Kentucky & Indiana (the Foundation) is an Ohio 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 not-for-profit entities.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents at August 31, 2016 and 2015 is $295,461 and $38,834, respectively, of money market mutual funds.

Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in unrestricted net assets unless its use is limited by donor-imposed restrictions or law. The beneficial interest in assets held by others are valued by using the net asset value (NAV) per share (or its equivalent), as a practical expedient.

Contributions Receivable

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions receivable are discounted using fair value rates and contributions are written off when deemed uncollectible.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost greater than $500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 5 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.

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).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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 (Deficit)

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 (deficit)** – Net assets that are not subject to donor-imposed restrictions or law.

Revenue Recognition

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discounts is recorded as additional contributions revenue. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Foundation received in-kind contributions of assets and services that are reported as follows at August 31, 2016:

	Programs	Support Services Fundraising	Support Services Management and General	2016 Total
Program and Support Service Expenses				
Wish Related	$ 4,350,352	$ -	$ -	$ 4,350,352
Other	10,201	20,143	8,160	38,504
Total Program and Supported Service Expenses	4,360,553	20,143	8,160	4,388,856
Direct Benefit Expenses, Netted with Special Event Revenue	-	139,351	-	139,351
Total	$ 4,360,553	$ 159,494	$ 8,160	4,528,207
Investments (Asset)				53,865
Property and Equipment (Capitalized)				5,250
Total				$ 4,587,322

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

	Programs	Support Services Fundraising	Support Services Management and General	2015 Total
Program and Support Service Expenses				
Wish Related	$ 4,363,196	$ -	$ -	$ 4,363,196
Other	9,645	7,914	7,171	24,730
Total Program and Supported Service Expenses	4,372,841	7,914	7,171	4,387,926
Direct Benefit Expenses, Netted with Special Event Revenue	-	27,059	-	27,059
Total	$ 4,372,841	$ 34,973	$ 7,171	4,414,985
Investments (Asset)				192,388
Property and Equipment (Capitalized)				28,350
Total				$ 4,635,723

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.

	2016	2015
Computer Equipment, Games and Toys	$ 42,800	$ 19,144
Cruises	28,218	10,394
Furniture, Room Décor	75,456	22,716
Lodging	1,127,243	1,243,217
Outdoor Playsets, Pools, Hot Tubs	91,815	82,339
Theme Parks	2,097,760	2,020,172
Transportation	498,761	772,893
Other Wish-Related Donations	388,299	192,321
Total	$ 4,350,352	$ 4,363,196

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a not-for-profit organization exempt from federal income and Ohio taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 5733.01 of the Ohio Revised Code. 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.

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 August 31, 2016 and 2015, the Foundation incurred no significant joint costs for activities that included 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.

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was $18,878 and $18,562 at August 31, 2016 and 2015, respectively.

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

Fair Value of Financial Instruments

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

The fair values of the financial instruments shown in the following tables as of August 31, 2016 and 2015 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

Investments

Overall Investment Objective

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Foundation diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the Board's Audit and Finance committee, which oversees the Foundation's investment program in accordance with established guidelines. Investment decisions related to the Foundation's beneficial interest in assets held by others are made by the National office in accordance with their investment policy and the Chapter has no responsibility for investing these assets.

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments (Continued)

Allocation of Investment Strategies

In addition to traditional stocks and fixed income securities, the Foundation may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity, and real asset strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly. Private equity funds employ buy-out and venture capital strategies and focus on investments in turn-around situations. Real asset funds generally hold interests in public real estate investment trusts (REITS) or commercial real estate through sole-member entities. Private equity and real asset strategies therefore often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Foundation's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.

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
Investments:				
Mutual Funds:				
Domestic Equity	$ 1,647,190	$ -	$ -	$ 1,647,190
International Equity	1,073,048	-	-	1,073,048
Money Market Funds	239	-	-	239
Bonds	1,385,893	-	-	1,385,893
Certificates of Deposit	-	8,276	-	8,276
Total Investments	4,106,370	8,276	-	4,114,646
Beneficial Interest in Trusts	-	-	105,835	105,835
Beneficial Interest in Assets held by others	-	-	341,993	341,993
Total	$ 4,106,370	$ 8,276	$ 447,828	$ 4,562,474

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

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

	Fair Value Measurements at August 31, 2015 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Investments:				
Mutual Funds:				
Domestic Equity	$ 1,483,535	$ -	$ -	$ 1,483,535
International Equity	1,004,777	-	-	1,004,777
Money Market Funds	402,550	-	-	402,550
Bonds	996,232	-	-	996,232
Certificates of Deposit	-	750,397	-	750,397
Total Investments	3,887,094	750,397	-	4,637,491
Beneficial Interest in Trusts	-	-	117,920	117,920
Beneficial Interest in Assets held by others	-	-	336,666	336,666
Total	$ 3,887,094	$ 750,397	$ 454,586	$ 5,092,077

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

For the valuation of beneficial interest in assets held by others and beneficial interest in trusts at August 31, 2016 and 2015, the Foundation used significant unobservable inputs including information from owner-to-owner transactions, the net asset value per share of underlying assets, and the Foundation's own assumptions, as a practical expedient (Level 3).

Total investment income, gains, and losses for the years ended August 31, 2016 and 2015 consist of the following:

	2016	2015
Interest and Dividend Income	$ 44,665	$ 42,965
Realized and Unrealized Gains (Losses), Net	187,736	(63,915)
Investment Income (Loss), Net	$ 232,401	$ (20,950)

NOTE 4 CONTRIBUTIONS RECEIVABLE

The following is a summary of the Foundation's contributions receivable at August 31:

	2016	2015
Total Amounts Due in:		
One Year	$ 1,490,281	$ 1,311,731
Two to Five Years	217,984	341,092
More than Five Years	54,000	-
Gross Contributions Receivable	1,762,265	1,652,823
Less Allowance for Doubtful Accounts	-	(1,574)
Contributions Receivable, Net	$ 1,762,265	$ 1,651,249

NOTE 5 BENEFICIAL INTEREST AGREEMENTS

Beneficial Interest in Assets Held by Others

Donors have contributed assets to the National Organization in exchange for a promise by the National Organization to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the terms of such agreements, no trust exists, as the assets received are held by and the liability is an obligation of the National Organization. The National Organization records contribution revenue using the fair value of the assets less the present value of the payments expected to be made to the beneficiaries. The Foundation is named as a beneficiary in one of these agreements. Accordingly, temporarily restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation received notice that the agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets are recorded in the accompanying statement of activities as the change in value of beneficial interest in assets held by others. As of August 31, 2016 and 2015, the Foundation had a beneficial interest in assets held by others of $341,993 and $336,666, respectively. See Note 3 for fair value disclosures related to this asset.

Beneficial Interest in Trusts

The Foundation is named beneficiary on six charitable remainder unitrusts, the corpus of which is not controlled by the management of the Foundation. Under these arrangements, the Foundation has the irrevocable right to receive the remaining assets in the trusts at the termination of the trusts. Accordingly, temporarily restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation received notice that the trust agreement conveyed an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets have been recorded in the accompanying statement of activities as a component of temporarily restricted change in value of beneficial interest in trusts. The Foundation received beneficial interest in these trusts as part of the acquisition of the Northwest Ohio Chapter that occurred effective September 1, 2010. The Foundation's beneficial interest in the trust is $105,835 and $117,920 for the years ending August 31, 2016 and 2015, respectively.

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2016 and 2015, the Foundation received $3,019,263 and $2,846,134, 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 $480,995 and $394,539 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 $10,975 and $17,175 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:

	2016	2015
Balance at August 31:		
Due from National Organization	$ 214,832	$ 157,969
Due from Other Chapters	4,951	14,532
Total Due from Related Entities	$ 219,783	$ 172,501
Due to National Organization	$ 1,189	$ -
Due to Other Chapters	18,831	51,068
Total Due to Related Entities	$ 20,020	$ 51,068

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 $765,577 and $605,639, respectively. In 2016 and 2015, amounts due from board members totaled $473,175 and $431,625, respectively, and are included in contributions receivable in the accompanying statements of financial position. The Foundation did not make any payments to companies affiliated with board members (or related parties) for goods and services used in the Foundation’s operations.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2016	2015
Computer Equipment and Software	$ 318,082	$ 317,751
Office Furniture	107,595	104,919
Other Equipment	76,585	69,041
Leasehold Improvements	21,272	17,047
	523,534	508,758
Less Accumulated Depreciation and Amortization	(361,133)	(292,257)
Property and Equipment, Net	$ 162,401	$ 216,501

Depreciation and amortization expense totaled $104,538 and $96,327 for the years ended August 31, 2016 and 2015 respectively. Computer equipment, software, and related items over three years, office furniture and other equipment over five years, and leasehold improvements over the shorter of seven years or the remaining lease term.

NOTE 8 ACCRUED PENDING WISH COSTS

The Foundation accrues for estimated costs of reportable pending wishes when five certain, measurable wish criteria are met. Prior to meeting these five criteria, the wish is not considered an obligation due to the inherent uncertainties surrounding these criteria and is therefore not accrued as a pending wish. This accrual does not represent a legally binding liability, but is considered a moral obligation to the child by the Foundation arising when the five criteria are met. Reportable pending wish criteria include:

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

Estimated cash and in-kind costs owed as of year-end for all reportable pending wishes are accrued as pending wish liability. The in-kind portion of the pending wish liability includes the estimated in-kind outlay that is expected to be incurred in fulfilling each wish even though the matching in-kind revenues are not recognized until the in-kind goods or services, or an unconditional promise for those in-kind goods or services, are received. Although not fully guaranteed, if the related expected in-kind revenue were recognized in the same fiscal period as the expected in-kind expense, total net assets at August 31, 2016 would be $1,912,406.

NOTE 8 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 897 and 743 reportable pending wishes, respectively.

NOTE 9 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through September 30, 2022. Total rent expense for all operating leases for the years ended August 31, 2016 and 2015 totaled $391,182 and $311,394, respectively.

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

Year Ending August 31:	Operating Leases
2017	$ 369,414
2018	369,740
2019	251,434
2020	192,537
2021 and Following	75,252
Total Minimum Lease Payments	$ 1,258,377

The Foundation is responsible for its minimum lease payment, share of operating expenses and real estate taxes.

NOTE 10 ENDOWMENTS

The Foundation is subject to the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and is required to make disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation's endowment consists of individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets, both donor-restricted and board-designated, are reflected as investments held for long term purposes on the statements of financial position.

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Ohio UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Endowment net asset composition by type of fund as of August 31, 2016 and 2015 is as follows:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ 253,751	$ 477,464	$ 731,215
Board-Designated Endowment Funds	3,375,155	-	-	3,375,155
Board-Designated Endowment Funds Held by National	341,993	-	-	341,993
Total Funds	$ 3,717,148	$ 253,751	$ 477,464	$ 4,448,363

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ 214,811	$ 477,464	$ 692,275
Board-Designated Endowment Funds	3,194,819	-	-	3,194,819
Board-Designated Endowment Funds Held by National	336,666	-	-	336,666
Total Funds	$ 3,531,485	$ 214,811	$ 477,464	$ 4,223,760

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

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

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 3,531,485	$ 214,811	$ 477,464	$ 4,223,760
Investment Return:				
Investment Income	182,796	38,940	-	221,736
Net Appreciation (Realized and Unrealized)	9,985	-	-	9,985
Total Investment Return	192,781	38,940	-	231,721
Other Changes:				
Transfers to Remove Board-Designated Endowment Funds	(7,118)	-	-	(7,118)
Endowment Net Assets, End of Year	$ 3,717,148	$ 253,751	$ 477,464	$ 4,448,363

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 3,569,413	$ 217,571	$ 477,464	$ 4,264,448
Investment Return:				
Investment Income	(9,724)	(2,760)	-	(12,484)
Net Appreciation (Realized and Unrealized)	(14,000)	-	-	(14,000)
Total Investment Return	(23,724)	(2,760)	-	(26,484)
Other Changes:				
Transfers to Remove Board-Designated Endowment Funds	(14,204)	-	-	(14,204)
Endowment Net Assets, End of Year	$ 3,531,485	$ 214,811	$ 477,464	$ 4,223,760

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets (endowment only):

	2016	2015
Permanently Restricted Net Assets:		
The Portion of Perpetual Endowment Funds that is Required to be Retained Permanently Either by Explicit Donor Stipulation or by UPMIFA	$ 477,464	$ 477,464
Temporarily Restricted Net Assets:		
The Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA:		
Without Purpose Restrictions	$ 253,751	$ 214,811

Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets were $-0- as of August 31, 2016 and 2015. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the board of directors.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 6% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

NOTE 10 ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 3% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 11 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	2016	2015
Time Restrictions	$ 2,113,502	$ 1,975,176
Purpose Restrictions	274,821	58,012
Total Temporarily Restricted Net Assets	$ 2,388,323	$ 2,033,188

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

	2016	2015
Investments in Perpetuity, the Income from which is		
Expendable to Support Any Activities of the Foundation	$ 109,994	$ 109,994
Expendable to Grant Wishes in the Southern Ohio Region	125,000	125,000
Expendable to Grant Wishes in the Northern Ohio Region	242,470	242,470
	$ 477,464	$ 477,464

NOTE 12 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 3% of the employee's salary. Foundation contributions to the Plan were $35,438 and $35,915 for the years ended August 31, 2016 and 2015, respectively.

NOTE 13 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash, cash equivalents, and investments. The Foundation places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the FDIC insurance coverage limit of $250,000. From time to time throughout the year, the Foundation's cash balances may exceed the amount of the FDIC insurance coverage.

In-kind contributions totaling $2,253,910 and $2,372,646 were received from a single donor for the years ended August 31, 2016 and 2015, respectively, which represents 15% and 18%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 14 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 27, 2017, the date at which the financial statements were available to be issued.

CliftonLarsonAllen

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