

**MAKE-A-WISH FOUNDATION®
MIDDLE TENNESSEE**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2016 AND 2015

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



MAKE-A-WISH FOUNDATION® MIDDLE TENNESSEE
TABLE OF CONTENTS
YEARS ENDED AUGUST 31, 2016 AND 2015

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF CASH FLOWS	6
STATEMENTS OF FUNCTIONAL EXPENSES	7
NOTES TO FINANCIAL STATEMENTS	9

INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-a-Wish Foundation® Middle Tennessee
Brentwood, Tennessee

We have audited the accompanying financial statements of Make-a-Wish Foundation® Middle Tennessee, 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.

Board of Directors
Make-a-Wish Foundation® Middle Tennessee

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-a-Wish Foundation® Middle Tennessee as of August 31, 2016 and 2015, and change 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

Oak Brook, Illinois
April 18, 2017

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

	2016	2015
ASSETS		
Cash and Cash Equivalents	\$ 601,465	\$ 413,487
Due from Related Entities	59,921	85,467
Prepaid Expenses	5,923	770
Contributions Receivable, Net	164,528	128,187
Other Assets	17,502	14,750
Property and Equipment, Net	25,078	36,887
Total Assets	<u>\$ 874,417</u>	<u>\$ 679,548</u>
LIABILITIES AND NET DEFICIT		
Accounts Payable and Accrued Expenses	\$ 64,617	\$ 142,041
Accrued Pending Wish Costs - Cash	461,558	376,816
Accrued Pending Wish Costs - In-Kinds	487,218	381,416
Due to Related Entities	9,280	-
Deferred Rent	-	2,295
Total Liabilities	<u>1,022,673</u>	<u>902,568</u>
Net Deficit		
Unrestricted	(259,176)	(322,852)
Temporarily Restricted	110,920	99,832
Total Net Deficit	<u>(148,256)</u>	<u>(223,020)</u>
Total Liabilities and Net Deficit	<u>\$ 874,417</u>	<u>\$ 679,548</u>

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Total	2015 Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 1,616,711	\$ 93,250	\$ 1,709,961	\$ 1,828,414
Grants	283,248	10,500	293,748	181,615
Total Public Support	1,899,959	103,750	2,003,709	2,010,029
Internal Special Events	559,737	7,170	566,907	471,583
Less Costs of Direct Benefits to Donors	(199,504)	-	(199,504)	(147,053)
Total Special Events	360,233	7,170	367,403	324,530
Investment Income, Net	1,747	-	1,747	1,966
Other Income	6,415	-	6,415	5,775
Net Assets Released from Restrictions	99,832	(99,832)	-	-
Total Revenues, Gains, and Other Support	2,368,186	11,088	2,379,274	2,342,300
EXPENSES				
Program Services:				
Wish Granting	1,793,509	-	1,793,509	2,251,359
Support Services:				
Fundraising	237,011	-	237,011	256,360
Management and General	273,990	-	273,990	257,905
Total Support Services	511,001	-	511,001	514,265
Total Program and Support Services Expense	2,304,510	-	2,304,510	2,765,624
Change in Net Assets (Deficit)	63,676	11,088	74,764	(423,324)
Net Assets (Deficit) - Beginning of Year	(322,852)	99,832	(223,020)	200,304
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ (259,176)</u>	<u>\$ 110,920</u>	<u>\$ (148,256)</u>	<u>\$ (223,020)</u>

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 1,735,752	\$ 92,662	\$ 1,828,414
Grants	181,615	-	181,615
Total Public Support	1,917,367	92,662	2,010,029
Internal Special Events	464,413	7,170	471,583
Less Costs of Direct Benefits to Donors	(147,053)	-	(147,053)
Total Special Events	317,360	7,170	324,530
Investment Income, Net	1,966	-	1,966
Other Income	5,775	-	5,775
Net Assets Released from Restrictions	110,957	(110,957)	-
Total Revenues, Gains, and Other Support	2,353,425	(11,125)	2,342,300
EXPENSES			
Program Services:			
Wish Granting	2,251,359	-	2,251,359
Support Services:			
Fundraising	256,360	-	256,360
Management and General	257,905	-	257,905
Total Support Services	514,265	-	514,265
Total Program and Support Services Expense	2,765,624	-	2,765,624
Change in Net Assets	(412,199)	(11,125)	(423,324)
Net Assets - Beginning of Year	89,347	110,957	200,304
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ (322,852)</u>	<u>\$ 99,832</u>	<u>\$ (223,020)</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® MIDDLE TENNESSEE
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 (Deficit)	\$ 74,764	\$ (423,324)
Adjustments to reconcile Change in Net Assets (Deficit) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation and Amortization	11,809	8,337
Bad Debts Expense	1,370	-
Changes in Assets and Liabilities:		
Contributions Receivable	(36,341)	2,557
Due from Related Entities	25,546	(5,694)
Prepaid Expenses	(5,153)	550
Other Assets	(4,122)	388
Accounts Payable and Accrued Expenses	(77,424)	(19,622)
Accrued Pending Wish Costs	190,544	346,462
Due to Related Entities	9,280	-
Deferred Rent	(2,295)	(2,515)
Net Cash Provided By (Used In) Operating Activities	<u>187,978</u>	<u>(92,861)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	<u>-</u>	<u>(31,214)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	187,978	(124,075)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>413,487</u>	<u>537,562</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 601,465</u></u>	<u><u>\$ 413,487</u></u>

See accompanying Notes to Financial Statements.

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

	<u>Program Services</u>	<u>Support Services</u>			
	Wish Granting	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	\$ 1,469,081	\$ -	\$ -	\$ -	\$ 1,469,081
Salaries, Taxes, and Benefits	212,422	150,817	199,120	349,937	562,359
Printing, Subscriptions, and Publications	5,847	5,104	1,952	7,056	12,903
Professional Fees	2,345	14,564	1,808	16,372	18,717
Rent and Utilities	20,278	13,664	11,871	25,535	45,813
Postage and Delivery	1,821	1,597	1,039	2,636	4,457
Travel	3,216	2,516	2,061	4,577	7,793
Meetings and Conferences	9,595	20,915	2,373	23,288	32,883
Office Supplies	2,778	6,375	2,218	8,593	11,371
Communications	7,132	4,194	3,850	8,044	15,176
Advertising and Media (Cash)	1,950	361	-	361	2,311
Repairs and Maintenance	385	385	-	385	770
Insurance	1,019	696	639	1,335	2,354
Membership Dues	448	135	117	252	700
National Partnership Dues	46,089	7,001	5,251	12,252	58,341
Training	4,118	4,465	8,207	12,672	16,790
Miscellaneous	4,985	4,222	21,675	25,897	30,882
Depreciation and Amortization	-	-	11,809	11,809	11,809
	<u>\$ 1,793,509</u>	<u>\$ 237,011</u>	<u>\$ 273,990</u>	<u>\$ 511,001</u>	<u>\$ 2,304,510</u>

See accompanying Notes to Financial Statements.

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

	<u>Program Services</u>	<u>Support Services</u>			
	Wish Granting	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	\$ 1,894,207	\$ -	\$ -	\$ -	\$ 1,894,207
Salaries, Taxes, and Benefits	226,324	166,950	196,838	363,788	590,112
Printing, Subscriptions, and Publications	20,501	19,381	1,991	21,372	41,873
Professional Fees	841	280	1,613	1,893	2,734
Rent and Utilities	21,071	12,584	11,011	23,595	44,666
Postage and Delivery	1,561	1,337	840	2,177	3,738
Travel	17,322	11,277	4,427	15,704	33,026
Meetings and Conferences	7,741	12,500	7,056	19,556	27,297
Office Supplies	4,824	2,345	1,467	3,812	8,636
Communications	7,454	4,089	3,552	7,641	15,095
Advertising and Media (Cash)	-	15,449	-	15,449	15,449
Repairs and Maintenance	275	275	-	275	550
Insurance	1,133	634	577	1,211	2,344
Membership Dues	410	330	220	550	960
National Partnership Dues	42,783	5,957	5,416	11,373	54,156
Miscellaneous	4,912	2,972	14,560	17,532	22,444
Depreciation and Amortization	-	-	8,337	8,337	8,337
	<u>\$ 2,251,359</u>	<u>\$ 256,360</u>	<u>\$ 257,905</u>	<u>\$ 514,265</u>	<u>\$ 2,765,624</u>

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-a-Wish Foundation® Middle Tennessee (the Foundation) is a Tennessee 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 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. Included in cash and cash equivalents at August 31, 2016 and 2015 are \$414,938 and \$323,961, respectively, of money market mutual funds.

Contributions Receivable

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

Property and Equipment, Net

Property and equipment having a unit cost greater than \$500 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally three to five years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances indicate a long-lived asset may be impaired, the asset value will be reduced to fair value. Fair value is determined through various valuation techniques including quoted market values and third-party independent appraisals, as considered necessary.

Net Assets (Deficit)

The Foundation's net assets (deficit) 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.
- **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 (deficit) 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.

MAKE-A-WISH FOUNDATION® MIDDLE TENNESSEE
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:

		Support Services		
	Programs	Fundraising	Management and General	2016 Total
Program and Support Service Expenses				
Wish Related	\$ 586,614	\$ -	\$ -	\$ 586,614
Printing, Subscriptions, and Publications	1,000	1,000	-	2,000
Other	1,730	9,797	562	12,089
Total Program and Supported Service Expenses	589,344	10,797	562	600,703
Direct Benefit Expenses, Netted with Special Event Revenue	-	-	-	21,725
Total	<u>\$ 589,344</u>	<u>\$ 10,797</u>	<u>\$ 562</u>	<u>\$ 622,428</u>

		Support Services		
	Programs	Fundraising	Management and General	2015 Total
Program and Support Service Expenses				
Wish Related	\$ 738,896	\$ -	\$ -	\$ 738,896
Printing, Subscriptions, and Publications	5,000	15,715	-	20,715
Other	1,328	1,356	2,587	5,271
Total Program and Supported Service Expenses	745,224	17,071	2,587	764,882
Direct Benefit Expenses, Netted with Special Event Revenue	-	-	-	1,248
Total	<u>\$ 745,224</u>	<u>\$ 17,071</u>	<u>\$ 2,587</u>	<u>\$ 766,130</u>

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

Program or supporting services expenses were recorded at fair value totaling \$600,703 and \$765,062 in 2016 and 2015, respectively, with the difference recorded as other assets representing primarily auction items received and not yet used.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Advertising and media is used to help the Foundation communicate its message or mission and includes fundraising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes. Advertising and media are reported as contribution revenue when received 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. Advertising costs totaled \$2,311 and \$15,449 for the years ended August 31, 2016 and 2015, respectively.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Tennessee income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3). However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole. Management believes that no uncertain tax positions exist for the Foundation at August 31, 2016 and 2015.

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 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$0 and \$2,295 at August 31, 2016 and 2015, respectively.

Management Estimates

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

Reclassifications

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

NOTE 3 CONTRIBUTIONS RECEIVABLE

All contributions receivable are due within the next 12 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.

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, 2016 and 2015, respectively, the Foundation received \$514,593 and \$435,641, 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 \$58,340 and \$54,156 were paid from the Foundation to the National Organization during the years ended August 31, 2016 and 2015, respectively.

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

NOTE 4 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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 \$6,415 and \$5,775 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	\$ 54,131	\$ 82,357
Due from Other Chapters	5,790	3,110
Total Due from Related Entities	<u>\$ 59,921</u>	<u>\$ 85,467</u>
 Due to Other Chapters	 <u>\$ 9,280</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.

During 2016 and 2015 the Foundation received contributions, both cash and in-kind, from board members totaling \$278,364 and \$263,116, respectively. Additionally, the Foundation leases its office space from a board member who owns the building. See Note 7.

NOTE 5 PROPERTY AND EQUIPMENT, NET

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

	2016	2015
Computer Equipment and Software	\$ 41,407	\$ 41,407
Office Furniture	30,244	30,244
Other Equipment	8,660	8,660
	<u>80,311</u>	<u>80,311</u>
Less Accumulated Depreciation and Amortization	(55,233)	(43,424)
Property and Equipment, Net	<u>\$ 25,078</u>	<u>\$ 36,887</u>

Depreciation and amortization expense totaled \$11,809 and \$8,337 for the years ended August 31, 2016 and 2015, respectively.

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

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 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 \$245,712.

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 79 and 76 reportable pending wishes, respectively.

NOTE 7 LEASES

The Foundation is obligated under an operating lease for office space, which expires in 2016. The Foundation has entered into an amendment and extension agreement with the lessor to extend the lease term through May 2019. Total rent expense for all operating leases for the years ended August 31, 2016 and 2015 totaled \$45,813 and \$44,666, respectively. Future minimum lease payments under this agreement are \$48,828, \$50,292, and \$38,661 for the years ended August 31, 2017, 2018, and 2019, respectively.

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

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

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

	2016	2015
Purpose Restrictions	\$ 100,420	\$ 99,832
Time Restrictions	10,500	-
Total Temporarily Restricted Net Assets	<u>\$ 110,920</u>	<u>\$ 99,832</u>

NOTE 9 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of 90 days 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 for the years ended August 31, 2016 and 2015 were \$11,129 and \$10,485, respectively.

NOTE 10 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 Federal Deposit Insurance Corporation (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 \$283,940 and \$370,459 were received from a single donor for the years ended August 31, 2016 and 2015, respectively, which represents 14% and 18%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 11 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through April 18, 2017, the date at which the financial statements were available to be issued.



Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor.