

MAKE-A-WISH FOUNDATION® OF OREGON

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2016 AND 2015

**MAKE-A-WISH FOUNDATION® OF OREGON
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® of Oregon
Portland, Oregon

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Oregon 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 of 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 America

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 Oregon 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

Phoenix, Arizona
December 19, 2016

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

	2016	2015
ASSETS		
Cash and Cash Equivalents	\$ 580,562	\$ 328,193
Investments	1,138,521	1,097,020
Due from Related Entities	24,096	23,830
Prepaid Expenses	12,942	17,256
Contributions Receivable, Net	182,314	79,619
Other Assets	134,195	89,125
Investments Held for Long-Term Purposes	182,629	183,310
Property and Equipment, Net	32,232	44,348
Total Assets	\$ 2,287,491	\$ 1,862,701
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 119,168	\$ 81,712
Accrued Pending Wish Costs - Cash	734,649	599,776
Accrued Pending Wish Costs - In-Kind	910,646	793,809
Due to Related Entities	26,467	26,128
Other Liabilities	96,647	116,750
Deferred Rent	9,246	7,443
Capital Lease Obligations	6,869	8,657
Total Liabilities	1,903,692	1,634,275
Net Assets		
Unrestricted	(92,790)	(97,520)
Temporarily Restricted	356,489	205,846
Permanently Restricted	120,100	120,100
Total Net Assets	383,799	228,426
Total Liabilities and Net Assets	\$ 2,287,491	\$ 1,862,701

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2016
(WITH SUMMARY TOTALS FOR 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	\$ 3,105,944	\$ 271,928	\$ -	\$ 3,377,872	\$ 2,868,845
Grants	85,259	-	-	85,259	119,324
Total Public Support	<u>3,191,203</u>	<u>271,928</u>	<u>-</u>	<u>3,463,131</u>	<u>2,988,169</u>
Internal Special Events	947,881	-	-	947,881	634,524
Less Costs of Direct Benefits to Donors	<u>(170,614)</u>	<u>-</u>	<u>-</u>	<u>(170,614)</u>	<u>(158,475)</u>
Total Special Events	<u>777,267</u>	<u>-</u>	<u>-</u>	<u>777,267</u>	<u>476,049</u>
Investment Income, Net	51,225	-	-	51,225	(22,961)
Other Income	2,624	-	-	2,624	3,300
Net Assets Released from Restrictions	<u>121,285</u>	<u>(121,285)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>4,143,604</u>	<u>150,643</u>	<u>-</u>	<u>4,294,247</u>	<u>3,444,557</u>
EXPENSES					
Program Services:					
Wish Granting	2,735,275	-	-	2,735,275	3,025,626
Program-Related Support	492,694	-	-	492,694	459,752
Training and Development	113,697	-	-	113,697	98,962
Public Information	193,045	-	-	193,045	216,455
Total Program Services	<u>3,534,711</u>	<u>-</u>	<u>-</u>	<u>3,534,711</u>	<u>3,800,795</u>
Support Services:					
Fundraising	462,570	-	-	462,570	451,616
Management and General	141,593	-	-	141,593	152,351
Total Support Services	<u>604,163</u>	<u>-</u>	<u>-</u>	<u>604,163</u>	<u>603,967</u>
Total Program and Support Services Expense	<u>4,138,874</u>	<u>-</u>	<u>-</u>	<u>4,138,874</u>	<u>4,404,762</u>
Change in Net Assets (Deficit)	4,730	150,643	-	155,373	(960,205)
Net Assets (Deficit) - Beginning of Year	<u>(97,520)</u>	<u>205,846</u>	<u>120,100</u>	<u>228,426</u>	<u>1,188,631</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ (92,790)</u>	<u>\$ 356,489</u>	<u>\$ 120,100</u>	<u>\$ 383,799</u>	<u>\$ 228,426</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF OREGON
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	\$ 2,054,566	\$ 814,279	\$ -	\$ 2,868,845
Grants	119,324	-	-	119,324
Total Public Support	<u>2,173,890</u>	<u>814,279</u>	<u>-</u>	<u>2,988,169</u>
Internal Special Events	634,524	-	-	634,524
Less Costs of Direct Benefits to Donors	<u>(158,475)</u>	<u>-</u>	<u>-</u>	<u>(158,475)</u>
Total Special Events	<u>476,049</u>	<u>-</u>	<u>-</u>	<u>476,049</u>
Investment Income, Net	(22,961)	-	-	(22,961)
Other Income	3,300	-	-	3,300
Net Assets Released from Restrictions	1,182,521	(1,182,521)	-	-
Total Revenues, Gains, and Other Support	<u>3,812,799</u>	<u>(368,242)</u>	<u>-</u>	<u>3,444,557</u>
EXPENSES				
Program Services:				
Wish Granting	3,025,626	-	-	3,025,626
Program-Related Support	459,752	-	-	459,752
Training and Development	98,962	-	-	98,962
Public Information	216,455	-	-	216,455
Total Program Services	<u>3,800,795</u>	<u>-</u>	<u>-</u>	<u>3,800,795</u>
Support Services:				
Fundraising	451,616	-	-	451,616
Management and General	152,351	-	-	152,351
Total Support Services	<u>603,967</u>	<u>-</u>	<u>-</u>	<u>603,967</u>
Total Program and Support Services Expense	<u>4,404,762</u>	<u>-</u>	<u>-</u>	<u>4,404,762</u>
Change in Net Assets (Deficit)	(591,963)	(368,242)	-	(960,205)
Net Assets - Beginning of Year	<u>494,443</u>	<u>574,088</u>	<u>120,100</u>	<u>1,188,631</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ (97,520)</u>	<u>\$ 205,846</u>	<u>\$ 120,100</u>	<u>\$ 228,426</u>

See accompanying Notes to Financial Statements.

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

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets (Deficit)	\$ 155,373	\$ (960,205)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	14,775	25,562
Net Realized and Unrealized (Gains) Losses on Investments	(38,839)	34,324
Contributed Property and Equipment, Inventory and Investments	(959)	(2,000)
Change in Attrition on Accrued Pending Wish Costs	(17,235)	(10,887)
Changes in Assets and Liabilities:		
Contributions Receivable	(102,695)	404,408
Due from Related Entities	(266)	(1,159)
Prepaid Expenses	4,314	(5,555)
Other Assets	(45,070)	(69,595)
Accounts Payable and Accrued Expenses	37,456	12,056
Accrued Pending Wish Costs	268,945	539,588
Due to Related Entities	339	15,373
Other Liabilities	(20,103)	51,057
Deferred Rent	1,803	4,359
Net Cash Provided by Operating Activities	257,838	37,326
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(529,666)	(224,844)
Proceeds from Sales of Investments	527,685	223,880
Purchases of Property and Equipment	(1,700)	(12,900)
Net Cash Used by Investing Activities	(3,681)	(13,864)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(1,788)	(3,628)
Net Cash Used by Financing Activities	(1,788)	(3,628)
 Net Increase in Cash and Cash Equivalents	252,369	19,834
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	328,193	308,359
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 580,562	\$ 328,193

See accompanying Notes to Financial Statements.

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

	Program Services				Support Services				Total
	Wish Granting	Program-Related Support	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 2,735,275	\$ -	\$ -	\$ -	\$ 2,735,275	\$ -	\$ -	\$ -	\$ 2,735,275
Salaries, Taxes, and Benefits	-	315,102	82,878	125,758	523,738	273,046	109,884	382,930	906,668
Printing, Subscriptions, and Publications	-	6,790	8	14,520	21,318	20,539	-	20,539	41,857
Professional Fees	-	4,012	5,620	1,485	11,117	28,011	1,185	29,196	40,313
Rent and Utilities	-	39,375	9,263	14,038	62,676	31,137	10,211	41,348	104,024
Postage and Delivery	-	6,676	2,658	3,517	12,851	6,859	556	7,415	20,266
Travel	-	5,967	2,219	2,716	10,902	7,404	2,323	9,727	20,629
Meetings and Conferences	-	11,809	4,992	13,551	30,352	10,979	2,181	13,160	43,512
Office Supplies	-	13,727	1,369	2,302	17,398	3,442	1,430	4,872	22,270
Communications	-	11,228	2,640	3,967	17,835	9,001	2,998	11,999	29,834
Advertising and Media (In-Kind)	-	-	-	8,230	8,230	10,931	-	10,931	19,161
Repairs and Maintenance	-	1,429	66	99	1,594	4,000	473	4,473	6,067
Insurance	-	-	-	-	-	-	270	270	270
Membership Dues	-	-	-	335	335	195	240	435	770
National Partnership Dues	-	68,946	-	-	68,946	10,473	7,855	18,328	87,274
Miscellaneous	-	2,051	669	557	3,277	42,109	523	42,632	45,909
Depreciation and Amortization	-	5,582	1,315	1,970	8,867	4,444	1,464	5,908	14,775
Total	\$ 2,735,275	\$ 492,694	\$ 113,697	\$ 193,045	\$ 3,534,711	\$ 462,570	\$ 141,593	\$ 604,163	\$ 4,138,874

See accompanying Notes to Financial Statements.

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

	Program Services				Support Services				Total
	Wish Granting	Program-Related Support	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 3,025,626	\$ -	\$ -	\$ -	\$ 3,025,626	\$ -	\$ -	\$ -	\$ 3,025,626
Salaries, Taxes, and Benefits	-	292,203	72,562	116,475	481,240	265,712	124,279	389,991	871,231
Printing, Subscriptions, and Publications	-	16,471	648	12,538	29,657	14,351	-	14,351	44,008
Professional Fees	-	3,600	4,402	1,286	9,288	21,818	1,221	23,039	32,327
Rent and Utilities	-	29,747	7,010	9,560	46,317	24,765	8,582	33,347	79,664
Postage and Delivery	-	6,192	1,802	2,372	10,366	8,123	525	8,648	19,014
Travel	-	4,199	1,471	878	6,548	7,313	534	7,847	14,395
Meetings and Conferences	-	4,644	4,216	11,482	20,342	12,142	1,154	13,296	33,638
Office Supplies	-	18,742	1,189	3,930	23,861	3,482	1,396	4,878	28,739
Communications	-	11,874	2,713	10,987	25,574	16,532	3,382	19,914	45,488
Advertising and Media (In-Kind)	-	-	-	42,733	42,733	21,750	-	21,750	64,483
Repairs and Maintenance	-	812	103	140	1,055	1,549	272	1,821	2,876
Membership Dues	-	-	-	325	325	445	240	685	1,010
National Partnership Dues	-	60,060	-	-	60,060	8,363	7,603	15,966	76,026
Miscellaneous	-	1,663	597	682	2,942	37,326	407	37,733	40,675
Depreciation and Amortization	-	9,545	2,249	3,067	14,861	7,945	2,756	10,701	25,562
Total	\$ 3,025,626	\$ 459,752	\$ 98,962	\$ 216,455	\$ 3,800,795	\$ 451,616	\$ 152,351	\$ 603,967	\$ 4,404,762

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Oregon (the Foundation) is an Oregon not-for-profit corporation, organized for the purpose of granting wishes to children with life-threatening medical conditions. The Foundation is an independently operating chapter of Make-A-Wish Foundation® of America (National Organization), which operates to develop and implement national programs in public relations and fund raising for the benefit of all local chapters. To be a Make-A-Wish chapter, 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.

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.

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 useful life of more than one year and a value of \$500 or greater 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 7 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. 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® OF OREGON
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.

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

The Foundation's net assets and changes therein are classified and reported as follows:

- **Permanently restricted net assets** – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for unrestricted purposes.
- **Temporarily restricted net assets** – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.
- **Unrestricted net assets** – Net assets that are not subject to donor-imposed restrictions or law.

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® OF OREGON
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:

	Programs	Support Services		2016 Total
		Fundraising	Management and General	
Program and Support Service Expenses				
Wish Related	\$ 1,422,405	\$ -	\$ -	\$ 1,422,405
Professional Services	300	150	50	500
Advertising and Media	8,230	10,930	-	19,160
Other	12,803	12,487	20	25,310
Total Program and Supported Service Expenses	1,443,738	23,567	70	1,467,375
Direct Benefit Expenses, Netted with Special Event Revenue	209,284	-	-	209,284
Total	<u>\$ 1,653,022</u>	<u>\$ 23,567</u>	<u>\$ 70</u>	1,676,659
Investments (Asset)				2,036
Property and Equipment (Capitalized)				959
Total				<u>\$ 1,679,654</u>
	Programs	Support Services		2015 Total
		Fundraising	Management and General	
Program and Support Service Expenses				
Wish Related	\$ 1,518,592	\$ -	\$ -	\$ 1,518,592
Professional Services	480	257	89	826
Advertising and Media	42,733	21,750	-	64,483
Other	30,439	25,419	360	56,218
Total Program and Supported Service Expenses	1,592,244	47,426	449	1,640,119
Direct Benefit Expenses, Netted with Special Event Revenue	180,420	-	-	180,420
Total	<u>\$ 1,772,664</u>	<u>\$ 47,426</u>	<u>\$ 449</u>	1,820,539
Property and Equipment (Capitalized)				2,000
Total				<u>\$ 1,822,539</u>

An internal special event is a fund raising 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.

MAKE-A-WISH FOUNDATION® OF OREGON
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 fund raising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes. Advertising and media are reported as contribution revenue and fundraising or public information expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

Income Taxes

The Foundation is a not-for-profit organization exempt from federal income and Oregon taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 65 of the Oregon Revised Statutes. 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 six functions: wish granting, program-related support, training and development, public information, 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.

Program-Related Support

Activities performed by the Foundation related to the wish program including the identification of wish candidates and the determination and delivery of each wish. Specific activities include, but are not limited to, the development of wish resources, handling of wish referrals, and administration of the wish program.

Training and Development

Activities performed by the Foundation include, but are not limited to, implementing programs that support the identification of wish candidates and the determination and delivery of the wish.

Public Information

Activities performed by the Foundation in communicating the purpose and services of the Foundation to all potential sources of wish referrals.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2016 and 2015, the Foundation incurred joint costs for activities that include fundraising appeals (primarily direct mail campaigns and newsletters), which have been allocated as follows:

	2016	2015
Fundraising	\$ 9,068	\$ 34,632
Public Information	8,798	37,597
Total	\$ 17,866	\$ 72,229

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 \$9,246 and \$7,443 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 prior year amounts have been reclassified to conform with the current period presentation. These reclassifications had no effect on the change in net assets.

MAKE-A-WISH FOUNDATION® OF OREGON
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 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.

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			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 198,291	\$ -	\$ -	\$ 198,291
International Equity	151,379	-	-	151,379
Money Market Funds	11,807	-	-	11,807
Real Estate	24,505	-	-	24,505
Commodities	10,983	-	-	10,983
Bonds	190,771	-	-	190,771
Certificates of Deposit	-	733,414	-	733,414
Total Recurring	\$ 587,736	\$ 733,414	\$ -	\$ 1,321,150

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

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			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 201,807	\$ -	\$ -	\$ 201,807
International Equity	161,247	-	-	161,247
Money Market Funds	29,404	-	-	29,404
Real Estate	22,036	-	-	22,036
Commodities	12,220	-	-	12,220
Bonds	141,194	-	-	141,194
Certificates of Deposit	-	712,422	-	712,422
Total Recurring	\$ 567,908	\$ 712,422	\$ -	\$ 1,280,330

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).

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	\$ 20,756	\$ 20,187
Realized and Unrealized Gains (Losses), Net	38,839	(34,324)
Less: Investment Expenses	(8,370)	(8,824)
Investment Income, Net	\$ 51,225	\$ (22,961)

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 OREGON
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 \$629,509 and \$598,905, 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 \$87,274 and \$88,032 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 \$1,800 and \$3,300 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	\$ 20,799	\$ 21,226
Due from Other Chapters	3,297	2,604
Total Due from Related Entities	\$ 24,096	\$ 23,830
Due to Other Chapters	\$ 26,467	\$ 26,128
Total Due to Related Entities	\$ 26,467	\$ 26,128

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 \$210,364 and \$27,140, respectively.

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

NOTE 6 PROPERTY AND EQUIPMENT, NET

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

	2016	2015
Computer Equipment and Software	\$ 93,201	\$ 94,750
Office Furniture	97,949	99,493
Other Equipment	37,882	36,923
Total	<u>229,032</u>	<u>231,166</u>
Less Accumulated Depreciation and Amortization	<u>(196,800)</u>	<u>(186,818)</u>
Property and Equipment, Net	<u>\$ 32,232</u>	<u>\$ 44,348</u>

Depreciation and amortization expense totaled \$14,775 and \$25,562 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 all the related expected in-kind revenue was recognized in the same fiscal period as the expected in-kind expense, total net assets at August 31, 2016 would be \$1,022,517.

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

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 151 and 127 reportable pending wishes, respectively.

NOTE 8 LEASES

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through May 2020. As of August 31, 2016 and 2015, the cost of leased property and equipment under capital leases was \$8,940, and accumulated depreciation was \$2,071 and \$283, respectively. Total rent expense for all operating leases for the years ended August 31, 2016 and 2015 totaled \$104,024 and \$79,664, respectively.

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

<u>Year Ending August 31:</u>	<u>Operating Leases</u>	<u>Capital Leases</u>
2017	\$ 90,133	\$ 1,788
2018	92,837	1,788
2019	87,435	1,788
2020	-	1,505
Present Value of Net Minimum Lease Payments	<u>\$ 270,405</u>	<u>\$ 6,869</u>

NOTE 9 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 two individual funds established for wish granting purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets are reflected as investments held for long term purposes on the statements of financial position.

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

NOTE 9 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Oregon 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	\$ (22,032)	\$ 84,561	\$ 120,100	\$ 182,629
	Total Funds	\$ (22,032)	\$ 84,561	\$ 120,100	\$ 182,629
		2015			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	Donor-Restricted Endowment Funds	\$ (21,351)	\$ 84,561	\$ 120,100	\$ 183,310
	Total Funds	\$ (21,351)	\$ 84,561	\$ 120,100	\$ 183,310

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

NOTE 9 ENDOWMENTS (CONTINUED)

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

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets - Beginning of Year	\$ (21,351)	\$ 84,561	\$ 120,100	\$ 183,310
Investment Return:				
Investment Income	490	-	-	490
Net Appreciation (Realized and Unrealized)	8,950	-	-	8,950
Total Investment Return	9,440	-	-	9,440
Contributions	-	-	-	-
Reclassification to Endowment Asset	-	-	-	-
Appropriation of Endowment				
Assets for Expenditure	(10,121)	-	-	(10,121)
Endowment Net Assets - End of Year	<u>\$ (22,032)</u>	<u>\$ 84,561</u>	<u>\$ 120,100</u>	<u>\$ 182,629</u>
	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - Beginning of Year	\$ -	\$ 85,856	\$ 120,100	\$ 205,956
Investment Return:				
Investment Income	906	-	-	906
Net Appreciation (Realized and Unrealized)	(13,091)	-	-	(13,091)
Total Investment Return	(12,185)	-	-	(12,185)
Reclassification to Endowment Asset	1,295	(1,295)	-	-
Appropriation of Endowment				
Assets for Expenditure	(10,461)	-	-	(10,461)
Endowment Net Assets - End of Year	<u>\$ (21,351)</u>	<u>\$ 84,561</u>	<u>\$ 120,100</u>	<u>\$ 183,310</u>

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	<u>\$ 120,100</u>	<u>\$ 120,100</u>
Temporarily Restricted Net Assets:		
Term Endowment Funds	<u>\$ 84,561</u>	<u>\$ 84,561</u>
Total Endowment Funds Classified as Temporarily Restricted Net Assets	<u>\$ 84,561</u>	<u>\$ 84,561</u>

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

NOTE 9 ENDOWMENTS (CONTINUED)

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 \$22,032 and \$21,351 as of August 31, 2016 and 2015, respectively. 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). 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.

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.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5% 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. 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.

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

NOTE 10 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	2016	2015
Time Restrictions	\$ 84,561	\$ 84,561
Purpose Restrictions	271,928	121,285
Total Temporarily Restricted Net Assets	\$ 356,489	\$ 205,846

For the years 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	\$ 120,100	\$ 120,100

NOTE 11 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 for the years ended August 31, 2016 and 2015 were \$23,199 and \$13,391, respectively.

NOTE 12 CONCENTRATIONS OF CREDIT RISK

In-kind contributions totaling \$701,213 and \$723,238 were received from two donors for the years ended August 31, 2016 and 2015, which represents 20% and 24% of total public support for each year, respectively.

NOTE 13 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 19, 2016, the date at which the financial statements were available to be issued.