

**MAKE-A-WISH FOUNDATION® OF
SOUTH CAROLINA, INC.**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2016 AND 2015

**MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
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 South Carolina, Inc.
Greenville, South Carolina

We have audited the accompanying financial statements of Make-A-Wish Foundation® of South Carolina, Inc., which comprise the statements of financial position as of August 31, 2016 and 2015, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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® of South Carolina, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of South Carolina, Inc. 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
January 19, 2017

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

	2016	2015
ASSETS		
Cash and Cash Equivalents	\$ 936,951	\$ 699,407
Due from Related Entities	33,126	126,030
Prepaid Expenses	20,317	23,588
Contributions Receivable, Net	103,068	74,366
Other Assets	500	50
Property and Equipment, Net	201,092	98,168
Total Assets	\$ 1,295,054	\$ 1,021,609
LIABILITIES AND NET ASSETS (DEFICIT)		
Accounts Payable and Accrued Expenses	\$ 116,634	\$ 132,187
Accrued Pending Wish Costs - Cash	1,113,597	866,187
Accrued Pending Wish Costs - In-Kinds	712,680	587,073
Due to Related Entities	5,478	4,501
Capital Lease Obligation	10,102	-
Total Liabilities	1,958,491	1,589,948
Net Assets (Deficit)		
Unrestricted	(785,833)	(814,328)
Temporarily Restricted	122,396	245,989
Total Net Assets (Deficit)	(663,437)	(568,339)
Total Liabilities and Net Assets (Deficit)	\$ 1,295,054	\$ 1,021,609

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
REVENUES, GAINS, AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 2,246,475	\$ 103,068	\$ 2,349,543	\$ 2,271,291
Grants	467,530	5,190	472,720	628,811
Total Public Support	<u>2,714,005</u>	<u>108,258</u>	<u>2,822,263</u>	<u>2,900,102</u>
Internal Special Events	633,446	-	633,446	400,279
Less Costs of Direct Benefits to Donors	<u>(103,703)</u>	<u>-</u>	<u>(103,703)</u>	<u>(71,277)</u>
Total Special Events	<u>529,743</u>	<u>-</u>	<u>529,743</u>	<u>329,002</u>
Other Income	5,759	-	5,759	4,926
Net Assets Released from Restrictions	<u>231,851</u>	<u>(231,851)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>3,481,358</u>	<u>(123,593)</u>	<u>3,357,765</u>	<u>3,234,030</u>
EXPENSES				
Program Services:				
Wish Granting	<u>2,727,313</u>	<u>-</u>	<u>2,727,313</u>	<u>2,381,208</u>
Total Program Services	<u>2,727,313</u>	<u>-</u>	<u>2,727,313</u>	<u>2,381,208</u>
Support Services:				
Fundraising	662,740	-	662,740	539,539
Management and General	<u>62,810</u>	<u>-</u>	<u>62,810</u>	<u>102,605</u>
Total Support Services	<u>725,550</u>	<u>-</u>	<u>725,550</u>	<u>642,144</u>
Total Program and Support Services Expense	<u>3,452,863</u>	<u>-</u>	<u>3,452,863</u>	<u>3,023,352</u>
Change in Net Assets	<u>28,495</u>	<u>(123,593)</u>	<u>(95,098)</u>	<u>210,678</u>
Net Assets (Deficit) - Beginning of Year	<u>(814,328)</u>	<u>245,989</u>	<u>(568,339)</u>	<u>(779,017)</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u><u>\$ (785,833)</u></u>	<u><u>\$ 122,396</u></u>	<u><u>\$ (663,437)</u></u>	<u><u>\$ (568,339)</u></u>

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 2,196,925	\$ 74,366	\$ 2,271,291
Grants	443,356	185,455	628,811
Total Public Support	2,640,281	259,821	2,900,102
Internal Special Events	400,279	-	400,279
Less Costs of Direct Benefits to Donors	(71,277)	-	(71,277)
Total Special Events	329,002	-	329,002
Other Income	4,926	-	4,926
Net Assets Released from Restrictions	213,603	(213,603)	-
	3,187,812	46,218	3,234,030
EXPENSES			
Program Services:			
Wish Granting	2,381,208	-	2,381,208
Total Program Services	2,381,208	-	2,381,208
Support Services:			
Fundraising	539,539	-	539,539
Management and General	102,605	-	102,605
Total Support Services	642,144	-	642,144
Total Program and Support Services Expense	3,023,352	-	3,023,352
Change in Net Assets	164,460	46,218	210,678
Net Assets (Deficit) - Beginning of Year	(978,788)	199,771	(779,017)
NET ASSETS (DEFICIT) - END OF YEAR	\$ (814,328)	\$ 245,989	\$ (568,339)

See accompanying Notes to Financial Statements.

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

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (95,098)	\$ 210,678
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	12,294	8,880
Bad Debt Expense	-	100
Loss on Sale of Property and Equipment	-	230
Contributed Property and Equipment	(98,260)	(1,001)
Change in Attrition on Accrued Pending Wish Costs	17,308	22,682
Changes in Assets and Liabilities:		
Contributions Receivable	(28,702)	4,404
Due from Related Entities	92,904	(72,029)
Prepaid Expenses	3,271	(14,590)
Other Assets	(450)	(50)
Accounts Payable and Accrued Expenses	(15,553)	59,657
Accrued Pending Wish Costs	355,709	25,155
Due to Related Entities	977	(1,398)
Net Cash Provided by Operating Activities	244,400	242,718
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(6,105)	(16,730)
Net Cash Used in Investing Activities	(6,105)	(16,730)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(751)	-
Net Cash Used in Financing Activities	(751)	-
 NET INCREASE IN CASH AND CASH EQUIVALENTS	237,544	225,988
Cash and Cash Equivalents - Beginning of Year	699,407	473,419
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 936,951	\$ 699,407
 SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 393	\$ -
Donated Property and Equipment	\$ 98,260	\$ 1,001
Acquisition of Equipment with Capital Lease	\$ 10,853	\$ -

See accompanying Notes to Financial Statements.

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

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 2,169,348	\$ -	\$ -	\$ -	\$ 2,169,348
Salaries, Taxes, and Benefits	402,320	419,440	34,240	453,680	856,000
Printing, Subscriptions, and Publications	8,547	39,296	462	39,758	48,305
Professional Fees	24,667	24,792	3,853	28,645	53,312
Rent and Utilities	13,895	14,487	1,182	15,669	29,564
Postage and Delivery	4,409	8,266	190	8,456	12,865
Travel	2,762	6,284	94	6,378	9,140
Meetings and Conferences	21,209	77,579	3,956	81,535	102,744
Office Supplies	9,006	5,587	688	6,275	15,281
Communications	9,121	10,359	274	10,633	19,754
Advertising and Media (in-kind)	-	852	-	852	852
Repairs and Maintenance	1,033	1,077	88	1,165	2,198
National Partnership Dues	48,082	21,065	5,581	26,646	74,728
Miscellaneous	7,136	27,632	11,710	39,342	46,478
Depreciation and Amortization	5,778	6,024	492	6,516	12,294
	<u>\$ 2,727,313</u>	<u>\$ 662,740</u>	<u>\$ 62,810</u>	<u>\$ 725,550</u>	<u>\$ 3,452,863</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF SOUTH CAROLINA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2015

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 1,934,882	\$ -	\$ -	\$ -	\$ 1,934,882
Salaries, Taxes, and Benefits	320,749	327,647	64,262	391,909	712,658
Printing, Subscriptions, and Publications	7,125	51,129	625	51,754	58,879
Professional Fees	24,168	24,705	4,834	29,539	53,707
Rent and Utilities	14,104	14,417	2,821	17,238	31,342
Postage and Delivery	5,084	11,023	391	11,414	16,498
Travel	2,106	13,321	708	14,029	16,135
Meetings and Conferences	7,934	42,115	7,540	49,655	57,589
Office Supplies	11,838	5,549	853	6,402	18,240
Communications	5,991	7,605	578	8,183	14,174
Repairs and Maintenance	1,021	1,028	199	1,227	2,248
Bad Debt Expense	-	100	-	100	100
National Partnership Dues	33,198	4,623	4,202	8,825	42,023
Miscellaneous	8,962	12,141	14,783	26,924	35,886
Depreciation and Amortization	3,996	4,085	799	4,884	8,880
	<u>\$ 2,381,208</u>	<u>\$ 539,539</u>	<u>\$ 102,605</u>	<u>\$ 642,144</u>	<u>\$ 3,023,352</u>

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of South Carolina, Inc. (the Foundation) is a South Carolina 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 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 \$70,133 and \$70,063, 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 3 to 5 years. Leasehold improvements are amortized over the shorter of the estimated useful lives of the assets 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 SOUTH CAROLINA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016 AND 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

Net Assets

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

- **Permanently Restricted Net Assets** – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for unrestricted purposes. The Foundation does not have any permanently restricted net assets at August 31, 2016 and 2015.
- **Temporarily Restricted Net Assets** – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.
- **Unrestricted Net Assets** – Net assets that are not subject to donor-imposed restrictions or law.

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

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

	Programs	Support Services		2016 Total
		Fundraising	Management and General	
Program - Wish Granting				
Wish Related	\$ 717,577	\$ -	\$ -	\$ 717,577
Professional Services	2,437	1,617	461	4,515
Advertising and Media	-	852	-	852
Other	9,065	9,352	666	19,083
Total Program and Supported Service Expenses	729,079	11,821	1,127	742,027
Direct Benefit Expenses, Netted with Special Event Revenue	-	-	-	3,265
Total	<u>\$ 729,079</u>	<u>\$ 11,821</u>	<u>\$ 1,127</u>	<u>745,292</u>
Property and Equipment (Capitalized)				98,260
Total				<u>\$ 843,552</u>

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

	Programs	Support Services		2015 Total
		Fundraising	Management and General	
Program - Wish Granting				
Wish Related	\$ 793,748	\$ -	\$ -	\$ 793,748
Advertising and Media	-	20,000	-	20,000
Other	7,248	15,243	2,896	25,387
Total Program and Supported Service Expenses	800,996	35,243	2,896	839,135
Direct Benefit Expenses, Netted with Special Event Revenue	-	-	-	12,018
Total	<u>\$ 800,996</u>	<u>\$ 35,243</u>	<u>\$ 2,896</u>	<u>851,153</u>
Property and Equipment (Capitalized)				1,001
Total				<u>\$ 852,154</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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. Donated Advertising and media are reported as contribution revenue and fundraising 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 taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 33-56-60 of the South Carolina Solicitation of Charitable Funds Act. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2016 and 2015. The Foundation files income tax returns in the U.S. Federal jurisdiction, and state jurisdictions.

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. During the fiscal years ended August 31, 2016 and 2015, the Foundation incurred no significant joint costs for activities that include fundraising appeals.

Management and General

All costs not identifiable with wish granting or fundraising, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

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

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

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying 2015 financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 3 CONTRIBUTIONS RECEIVABLE

The Foundation's contributions receivable as of August 31, 2016 and 2015 was \$103,068 and \$74,366 which are due from one donor in both years, and is all due within the next twelve months. Management has 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, the Foundation received \$516,067 and \$712,725, respectively, from these national revenue streams.

As part of the National Organization's Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation received \$250,000 and \$238,000 during the years ended August 31, 2016 and 2015, respectively.

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

NOTE 4 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

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 to the Foundation by the National Organization. Amounts totaling \$118,480 and \$96,310 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 \$5,650 and \$4,800 for the years ended August 31, 2016 and 2015, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	<u>2016</u>	<u>2015</u>
Balance at August 31:		
Due from National Organization	\$ 25,977	\$ 120,953
Due from Other Chapters	7,149	5,077
Total Due from Related Entities	<u>\$ 33,126</u>	<u>\$ 126,030</u>
Due to National Organization	\$ -	\$ 3,500
Due to Other Chapters	5,478	1,001
Total Due to Related Entities	<u>\$ 5,478</u>	<u>\$ 4,501</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 \$86,409 and \$78,859, respectively. In addition, during 2016 and 2015, the Foundation received cash contributions totaling approximately \$26,000 and \$219,956, respectively, from a company that is affiliated with a board member.

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

NOTE 5 PROPERTY AND EQUIPMENT, NET

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

	2016	2015
Land	\$ 75,000	\$ 75,000
Leasehold Improvements	98,260	-
Computer Equipment and Software	70,078	53,583
Office Furniture	30,540	30,077
	<u>273,878</u>	<u>158,660</u>
Less Accumulated Depreciation and Amortization	(72,786)	(60,492)
Property and Equipment, Net	<u>\$ 201,092</u>	<u>\$ 98,168</u>

Depreciation and amortization expense totaled \$12,294 and \$8,880 for the years ended August 31, 2016 and 2015, respectively.

NOTE 6 ACCRUED PENDING WISH COSTS

The Foundation accrues the 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, the net deficit at August 31, 2016 would be reduced to (\$53,825).

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

NOTE 6 ACCRUED PENDING WISH COSTS (CONTINUED)

The Foundation, as part of its estimate of accrued pending wish costs, also considers attrition on pending wish costs. An attrition rate is calculated by the Foundation by analyzing the trend of wishes that have been accrued for using the five criteria discussed above that have not been able to be completed within the past twelve months due to factors outside of the control of the chapter, such as the death of a child, the move of the family out of the chapter's territory, or loss of contact with the family. As of August 31, 2016 and 2015, the Foundation had approximately 201 and 181 reportable pending wishes, respectively.

NOTE 7 LEASES

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through August 31, 2023. As of August 31, 2016 and 2015, the cost of leased property and equipment under capital leases was \$10,853 and \$-0-, respectively, and accumulated depreciation was \$271 and \$-0-, respectively. Total rent expense for all operating leases for the years ended August 31, 2016 and 2015 totaled \$26,468 for both years.

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

	Operating Leases	Capital Leases
<u>Year Ending August 31,</u>		
2017	\$ 52,901	\$ 3,432
2018	52,901	3,432
2019	54,810	3,432
2020	54,810	2,002
2021	56,768	-
2022 and Following	113,535	-
Total Minimum Lease Payments	385,725	12,298
Less Amounts Representing Interest	-	(2,196)
Present Value of Net Minimum Lease Payments	\$ 385,725	\$ 10,102

Subsequent to year end, the Foundation extended their operating lease for an additional seven years.

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

NOTE 8 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	<u>2016</u>	<u>2015</u>
Time Restrictions	\$ 122,396	\$ 79,655
Purpose Restrictions	-	166,334
Total Temporarily Restricted Net Assets	<u>\$ 122,396</u>	<u>\$ 245,989</u>

NOTE 9 RETIREMENT PLAN

The Foundation offers a Simplified Employee Pension Plan (the Plan). Employees are eligible for participation in the Plan upon completion of two years of service. Under the provisions of the Plan, the Foundation will contribute 5% of each eligible employee's salary. Foundation contributions to the Plan for the years ended August 31, 2016 and 2015 were \$16,446 and \$4,843, respectively.

NOTE 10 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents. The Foundation places its cash and cash equivalents with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the Federal Deposit Insurance Corporation (FDIC) 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 \$398,849 and \$387,800 were received from a single donor for the years ended August 31, 2016 and 2015, respectively, which represents 14% and 13%, 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 statements of financial position date through January 19, 2017, the date at which the financial statements were available to be issued.