

**MAKE-A-WISH FOUNDATION®
OF GREATER LOS ANGELES**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2015 AND 2014

**MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Greater Los Angeles
Phoenix, Arizona

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Greater Los Angeles, which comprise the statements of financial position as of August 31, 2015 and 2014, 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 Greater Los Angeles

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 Greater Los Angeles as of August 31, 2015 and 2014, 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 29, 2016

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 334,582	\$ 584,664
Investments	1,425,106	1,468,444
Due from Related Entities	152,813	152,251
Prepaid Expenses	33,513	9,821
Contributions Receivable, Net	207,404	211,447
Other Assets	105,718	40,216
Restricted Cash	21,984	-
Property and Equipment, Net	55,636	16,064
Total Assets	\$ 2,336,756	\$ 2,482,907
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 268,600	\$ 267,045
Accrued Pending Wish Costs	1,362,651	1,034,634
Capital Lease Obligations	18,903	-
Due to Related Entities	13,565	36,436
Other Liabilities	-	20,077
Total Liabilities	1,663,719	1,358,192
NET ASSETS		
Unrestricted	562,715	992,969
Temporarily Restricted	110,322	131,746
Total Net Assets	673,037	1,124,715
Total Liabilities and Net Assets	\$ 2,336,756	\$ 2,482,907

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 4,054,437	\$ 32,698	\$ 4,087,135
Grants	169,600	23,174	192,774
Total Public Support	<u>4,224,037</u>	<u>55,872</u>	<u>4,279,909</u>
Internal Special Events	1,119,282	-	1,119,282
Less Costs of Direct Benefits to Donors	(302,820)	-	(302,820)
Total Special Events	<u>816,462</u>	<u>-</u>	<u>816,462</u>
Investment Income, Net	(28,382)	-	(28,382)
Other Income	119,123	-	119,123
Net Assets Released from Restrictions	<u>77,296</u>	<u>(77,296)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>5,208,536</u>	<u>(21,424)</u>	<u>5,187,112</u>
EXPENSES			
Program Services:			
Wish Granting	4,138,426	-	4,138,426
Total Program Services	<u>4,138,426</u>	<u>-</u>	<u>4,138,426</u>
Support Services:			
Fundraising	1,095,033	-	1,095,033
Management and General	405,331	-	405,331
Total Support Services	<u>1,500,364</u>	<u>-</u>	<u>1,500,364</u>
Total Program and Support Services Expense	5,638,790	-	5,638,790
Change in Net Assets	(430,254)	(21,424)	(451,678)
Net Assets, Beginning of Year	<u>992,969</u>	<u>131,746</u>	<u>1,124,715</u>
NET ASSETS, END OF YEAR	<u>\$ 562,715</u>	<u>\$ 110,322</u>	<u>\$ 673,037</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 4,128,900	\$ 39,683	\$ 4,168,583
Grants	124,892	-	124,892
Total Public Support	<u>4,253,792</u>	<u>39,683</u>	<u>4,293,475</u>
Internal Special Events	1,167,634	-	1,167,634
Less Costs of Direct Benefits to Donors	(215,601)	-	(215,601)
Total Special Events	<u>952,033</u>	<u>-</u>	<u>952,033</u>
Investment Income, Net	200,091	-	200,091
Other Income	90,384	-	90,384
Net Assets Released from Restrictions	<u>136,823</u>	<u>(136,823)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>5,633,123</u>	<u>(97,140)</u>	<u>5,535,983</u>
EXPENSES			
Program Services:			
Wish Granting	3,919,370	-	3,919,370
Total Program Services	<u>3,919,370</u>	<u>-</u>	<u>3,919,370</u>
Support Services:			
Fundraising	933,123	-	933,123
Management and General	423,184	-	423,184
Total Support Services	<u>1,356,307</u>	<u>-</u>	<u>1,356,307</u>
Total Program and Support Services Expense	5,275,677	-	5,275,677
Change in Net Assets	357,446	(97,140)	260,306
Net Assets, Beginning of Year	<u>635,523</u>	<u>228,886</u>	<u>864,409</u>
NET ASSETS, END OF YEAR	<u>\$ 992,969</u>	<u>\$ 131,746</u>	<u>\$ 1,124,715</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (451,678)	\$ 260,306
Adjustments to reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation and Amortization	14,817	10,502
In-Kind Donations of Property and Equipment	(5,294)	-
Bad Debt Expense and Other	30,000	(120)
Net Realized and Unrealized (Gains) Losses on Investments	55,171	(175,940)
(Gain) Loss on Sale of Property and Equipment	1,030	-
Change in Discount to Present Value of Contributions Receivable	-	1,810
Changes in Assets and Liabilities:		
Contributions Receivable	(25,957)	18,860
Due from Related Entities	(562)	73,076
Prepaid Expenses	(23,692)	(2,740)
Other Assets	(65,502)	(13,976)
Accounts Payable and Accrued Expenses	1,555	9,165
Accrued Pending Wish Costs	328,017	18,153
Due to Related Entities	(22,871)	22,262
Other Liabilities	(20,077)	(14,910)
Net Cash Provided by (Used in) Operating Activities	(185,043)	206,448
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(623,468)	(1,333,525)
Proceeds from Sales of Investments	611,634	1,324,451
Purchases of Property and Equipment	(30,624)	(7,881)
Net Cash Used in Investing Activities	(42,458)	(16,955)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in Restricted Cash	(21,984)	-
Principal Payments on Capital Lease Obligations	(597)	-
Net Cash Used in Financing Activities	(22,581)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(250,082)	189,493
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	584,664	395,171
CASH AND CASH EQUVALENTS, END OF YEAR	\$ 334,582	\$ 584,664
SUPPLEMENTAL CASH FLOW INFORMATION		
Acquisition of Donated Equipment	\$ 5,294	\$ -
Acquisition of Equipment Through Capital Lease Agreement	\$ 19,500	\$ -

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES
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	\$ 2,795,574	\$ -	\$ -	\$ -	\$ 2,795,574
Salaries, Taxes, and Benefits	922,212	752,798	236,637	989,435	1,911,647
Printing, Subscriptions, and Publications	16,168	31,564	2,132	33,696	49,864
Professional Fees	9,185	76,865	13,022	89,887	99,072
Rent and Utilities	127,606	80,241	32,627	112,868	240,474
Postage and Delivery	4,052	14,421	1,092	15,513	19,565
Travel	6,390	11,814	20,119	31,933	38,323
Meetings and Conferences	31,793	43,675	18,382	62,057	93,850
Office Supplies	25,328	7,835	5,759	13,594	38,922
Communications	10,094	5,798	2,251	8,049	18,143
Advertising and Media (Cash)	-	415	-	415	415
Repairs and Maintenance	40,618	27,209	11,042	38,251	78,869
Insurance	6,161	4,127	1,675	5,802	11,963
Bad Debt Expense	-	-	30,000	30,000	30,000
Membership Dues	-	315	-	315	315
National Partnership Dues	132,249	18,414	16,740	35,154	167,403
Miscellaneous	3,365	14,430	11,779	26,209	29,574
Depreciation and Amortization	7,631	5,112	2,074	7,186	14,817
	<u>\$ 4,138,426</u>	<u>\$ 1,095,033</u>	<u>\$ 405,331</u>	<u>\$ 1,500,364</u>	<u>\$ 5,638,790</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2014

	Program Services	Support Services			Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 2,785,986	\$ -	\$ -	\$ -	\$ 2,785,986
Salaries, Taxes, and Benefits	818,731	688,028	285,472	973,500	1,792,231
Printing, Subscriptions, and Publications	13,354	28,220	2,130	30,350	43,704
Professional Fees	5,643	28,629	17,230	45,859	51,502
Rent and Utilities	116,383	74,158	35,100	109,258	225,641
Postage and Delivery	4,470	16,720	799	17,519	21,989
Travel	5,422	10,652	12,440	23,092	28,514
Meetings and Conferences	19,263	21,047	20,087	41,134	60,397
Office Supplies	17,093	8,526	2,241	10,767	27,860
Communications	9,189	5,678	2,742	8,420	17,609
Advertising and Media (Cash)	5,000	-	-	-	5,000
Repairs and Maintenance	39,279	26,467	12,487	38,954	78,233
Insurance	5,109	3,498	1,593	5,091	10,200
Bad Debt Expense	-	-	(120)	(120)	(120)
Membership Dues	-	1,315	-	1,315	1,315
National Partnership Dues	69,250	9,766	9,766	19,532	88,782
Miscellaneous	-	6,826	19,506	26,332	26,332
Depreciation and Amortization	5,198	3,593	1,711	5,304	10,502
	<u>\$ 3,919,370</u>	<u>\$ 933,123</u>	<u>\$ 423,184</u>	<u>\$ 1,356,307</u>	<u>\$ 5,275,677</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Greater Los Angeles (the Foundation) is a California 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, 2015 and 2014 was \$150,032 and \$117,724, respectively, of money market mutual funds.

Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in unrestricted net assets unless its use is limited by donor-imposed restrictions or law.

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.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost greater than \$1,000 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. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 5 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the 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.

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 GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

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. As of August 31, 2015 and 2014, the Foundation had 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** – 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 contribution revenue. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Foundation received in-kind contributions of assets and services that are included in the accompanying statements of activities as follows:

	<u>2015</u>	<u>2014</u>
Contributions:		
Wish Related	\$ 981,173	\$ 982,221
Professional Services	-	7,980
Property and Equipment	5,294	7,030
Other	-	43,386
Total	<u>\$ 986,467</u>	<u>\$ 1,040,617</u>
Special Event Revenue		
Internal Special Events	<u>\$ 1,648</u>	<u>\$ 8,205</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.

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 [if allocated as a joint cost] 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 California taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Sections 12586 and 12587 of the California Government Code. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2015 and 2014.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The Foundation performs three functions: wish granting, fundraising, and management and general. Definitions of these functions are as follows:

Wish Granting

Activities performed by the Foundation that grant wishes to children with life-threatening medical conditions and 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. A total of 337 wishes were granted in each of the fiscal years ended August 31, 2015 and 2014.

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, 2015 and 2014, the Foundation incurred no significant joint costs for activities that include fundraising appeals.

Management and General

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

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

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.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

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, 2015 and 2014 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.

Overall Investment Objective

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Foundation diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the Board's Audit and Finance committee, which oversees the Foundation's investment program in accordance with established guidelines.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy

The following tables present 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 and 2014:

	Fair Value Measurements at August 31, 2015 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 286,066	\$ -	\$ -	\$ 286,066
Exchange-Traded Funds:				
Domestic Equity	879,920	-	-	879,920
Debt Securities:				
Asset Backed	-	93,046	-	93,046
Government	-	163,956	-	163,956
Corporate	-	1,492	-	1,492
Money Market Funds	626	-	-	626
Total Recurring	1,166,612	258,494	-	1,425,106
Nonrecurring:				
Total Nonrecurring	-	-	-	-
Total	\$ 1,166,612	\$ 258,494	\$ -	\$ 1,425,106

	Fair Value Measurements at August 31, 2014 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Fixed Income	\$ 279,753	\$ -	\$ -	\$ 279,753
Exchange-Traded Funds:				
Domestic Equity	908,698	-	-	908,698
Debt Securities:				
Asset Backed	-	83,919	-	83,919
Government	-	195,391	-	195,391
Money Market Funds	683	-	-	683
Total Recurring	1,189,134	279,310	-	1,468,444
Nonrecurring:				
Total Nonrecurring	-	-	-	-
Total	\$ 1,189,134	\$ 279,310	\$ -	\$ 1,468,444

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

For the valuation of debt securities at August 31, 2015 and 2014, 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, 2015 and 2014 consist of the following:

	2015	2014
Interest and Dividend Income	\$ 45,023	\$ 43,121
Realized and Unrealized Gains (Losses), Net	(55,171)	175,940
less Investment Expenses	(18,234)	(18,970)
Investment Income, Net	<u>\$ (28,382)</u>	<u>\$ 200,091</u>

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from .26% to 1.63% at August 31, 2015 and 2014, respectively. The following is a summary of the Foundation's contributions receivable at August 31:

	2015	2014
Total Amounts Due in:		
One Year	\$ 197,954	\$ 154,383
Two to Five Years	10,000	60,000
More than Five Years	-	-
Gross Contributions Receivable	<u>207,954</u>	<u>214,383</u>
Less Allowance for Doubtful Accounts	-	-
Less Discount to Present Value	(550)	(2,936)
Contributions Receivable, Net	<u>\$ 207,404</u>	<u>\$ 211,447</u>

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, 2015 and 2014, respectively, the Foundation received \$1,326,559 and \$1,174,728, 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. Amounts totaling \$167,403 and \$88,782 were paid from the Foundation to the National Organization during the years ended August 31, 2015 and 2014, respectively.

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AUGUST 31, 2015 AND 2014

NOTE 5 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 \$91,350 and \$74,550 for the years ended August 31, 2015 and 2014, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	<u>2015</u>	<u>2014</u>
Balance at August 31:		
Due from National Organization	\$ 44,199	\$ 55,402
Due from Other Chapters	108,614	96,849
Total Due from Related Entities	<u>\$ 152,813</u>	<u>\$ 152,251</u>
Due to National Organization	\$ -	\$ 4,344
Due to Other Chapters	13,565	32,092
Total Due to Related Entities	<u>\$ 13,565</u>	<u>\$ 36,436</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 2015 and 2014, the Foundation received contributions, both cash and in-kind, from board members totaling \$203,308 and \$322,724, respectively. In 2015 and 2014, amounts due from board members totaled \$40,000 and \$65,000, respectively, and are included in contributions receivable in the accompanying statements of financial position. Amounts paid to related parties for goods and services used in the Foundation’s operations totaled \$159,166 and \$163,342 in 2015 and 2014, respectively.

NOTE 6 PROPERTY AND EQUIPMENT, NET

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

	<u>2015</u>	<u>2014</u>
Computer Equipment and Software	\$ 106,389	\$ 123,090
Equipment, Furniture and Fixtures	81,797	81,869
Leasehold Improvements	15,041	15,041
	<u>203,227</u>	<u>220,000</u>
Less Accumulated Depreciation and Amortization	(147,591)	(203,936)
Property and Equipment, Net	<u>\$ 55,636</u>	<u>\$ 16,064</u>

Depreciation and amortization expense totaled \$14,817 and \$10,502 for the years ended August 31, 2015 and 2014, respectively.

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NOTE 7 ACCRUED PENDING WISH COSTS

The Foundation accrues for estimated costs of reportable pending wishes as unconditional promises to give when five certain, measurable wish criteria are met. Prior to meeting these five criteria, the wish is considered a conditional promise to give due to the inherent uncertainties surrounding these criteria and is therefore not accrued as a pending wish liability. 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 represents the estimated in-kind outlay that is expected to be incurred in fulfilling each wish; note that the matching in-kind revenues are recognized when an unconditional promise is received for the required goods or services or in the future period when the wish is granted.

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, 2015 and 2014, the Foundation had approximately 162 and 137 reportable pending wishes, respectively.

NOTE 8 LEASES

The Foundation is obligated under capital and operating leases for office space and equipment, which expire at various dates through August 31, 2020. As of August 31, 2015, the cost of leased property and equipment under capital lease was \$19,500. Total rent expense for all operating leases for the years ended August 31, 2015 and 2014 totaled \$185,238 and \$196,260, respectively.

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NOTE 8 LEASES (CONTINUED)

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>
2016	\$ 118,809	\$ 9,840
2017	295,925	9,840
2018	304,807	9,840
2019	342,948	9,840
2020	353,232	4,920
Thereafter	363,834	-
Total Minimum Lease Payments	<u>1,779,555</u>	<u>44,280</u>
Less Amounts Representing Interest	-	(25,377)
Present Value of Net Minimum Lease Payments	<u>\$ 1,779,555</u>	<u>\$ 18,903</u>

NOTE 9 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	<u>2015</u>	<u>2014</u>
Time Restrictions	\$ 55,640	\$ 92,064
Purpose Restrictions	54,682	39,682
Total Temporarily Restricted Net Assets	<u>\$ 110,322</u>	<u>\$ 131,746</u>

NOTE 10 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 6% of the employee's salary. Foundation contributions to the Plan were \$15,612 and \$6,704 for the years ended August 31, 2015 and 2014, respectively.

NOTE 11 CONCENTRATIONS OF CREDIT RISK

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

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NOTE 11 CONCENTRATIONS OF CREDIT RISK (CONTINUED)

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 \$200,190 and \$222,865 were received from a single donor for the years ended August 31, 2015 and 2014, respectively, which represents 4.7% and 5.3%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 12 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 29, 2016, the date at which the financial statements were available to be issued.