

MAKE-A-WISH FOUNDATION® OF IOWA
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2017 AND 2016

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**MAKE-A-WISH FOUNDATION® OF IOWA
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YEARS ENDED AUGUST 31, 2017 AND 2016**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Iowa
Des Moines, Iowa

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Iowa (the Foundation), which comprise the statements of financial position as of August 31, 2017 and 2016, 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 Iowa

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 Iowa as of August 31, 2017 and 2016, 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

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West Des Moines, Iowa
December 6, 2017

MAKE-A-WISH FOUNDATION® OF IOWA
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2017 AND 2016

	2017	2016
ASSETS		
ASSETS		
Cash and Cash Equivalents	\$ 196,903	\$ 117,301
Short-Term Investments	31,223	177,189
Due from Related Entities	47,231	20,028
Prepaid Expenses	6,738	9,643
Contributions Receivable, Net	463,888	282,428
Inventory	9,133	12,912
Split-Interest Agreements	8,377	7,907
Investments Held for Long-Term Purposes	2,357,270	2,427,432
Property and Equipment, Net	235,370	75,432
Total Assets	\$ 3,356,133	\$ 3,130,272
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 244,031	\$ 113,325
Accrued Pending Wish Costs - Cash	1,036,997	1,093,626
Accrued Pending Wish Costs - In-Kind	913,618	813,037
Due to Related Entities	28,168	8,056
Total Liabilities	2,222,814	2,028,044
NET ASSETS		
Unrestricted	428,211	606,338
Temporarily Restricted	705,108	495,890
Total Net Assets	1,133,319	1,102,228
Total Liabilities and Net Assets	\$ 3,356,133	\$ 3,130,272

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF IOWA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2017
(WITH SUMMARY TOTALS FOR YEAR ENDED AUGUST 31, 2016)

	Unrestricted	Temporarily Restricted	Total	2016 Total
REVENUES, GAINS, AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 2,211,497	\$ 420,750	\$ 2,632,247	\$ 2,540,731
Grants	39,000	39,220	78,220	38,165
Total Public Support	<u>2,250,497</u>	<u>459,970</u>	<u>2,710,467</u>	<u>2,578,896</u>
Internal Special Events	1,574,059	220,675	1,794,734	1,514,737
Less: Costs of Direct Benefits to Donors	(532,090)	-	(532,090)	(504,974)
Total Internal Special Events	<u>1,041,969</u>	<u>220,675</u>	<u>1,262,644</u>	<u>1,009,763</u>
Investment Income, Net	252,473	-	252,473	181,304
Other Income	14,539	-	14,539	32,902
Net Assets Released from Restrictions	471,897	(471,897)	-	-
Total Revenues, Gains, and Other Support	<u>4,031,375</u>	<u>208,748</u>	<u>4,240,123</u>	<u>3,802,865</u>
EXPENSES				
Program Services:				
Wish Granting	3,119,928	-	3,119,928	3,279,187
Total Program Services	<u>3,119,928</u>	<u>-</u>	<u>3,119,928</u>	<u>3,279,187</u>
Support Services:				
Fundraising	771,251	-	771,251	712,622
Management and General	318,323	-	318,323	219,703
Total Support Services	<u>1,089,574</u>	<u>-</u>	<u>1,089,574</u>	<u>932,325</u>
Total Program and Support Services Expenses	<u>4,209,502</u>	<u>-</u>	<u>4,209,502</u>	<u>4,211,512</u>
CHANGE IN VALUE OF SPLIT-INTEREST AGREEMENTS	<u>-</u>	<u>(470)</u>	<u>(470)</u>	<u>(389)</u>
Total Expenses and Losses (Gains)	<u>4,209,502</u>	<u>(470)</u>	<u>4,209,032</u>	<u>4,211,123</u>
CHANGE IN NET ASSETS	(178,127)	209,218	31,091	(408,258)
Net Assets - Beginning of Year	<u>606,338</u>	<u>495,890</u>	<u>1,102,228</u>	<u>1,510,486</u>
NET ASSETS - END OF YEAR	<u>\$ 428,211</u>	<u>\$ 705,108</u>	<u>\$ 1,133,319</u>	<u>\$ 1,102,228</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF IOWA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 2,354,187	\$ 186,544	\$ 2,540,731
Grants	595	37,570	38,165
Total Public Support	2,354,782	224,114	2,578,896
Internal Special Events	1,322,399	192,338	1,514,737
Less: Costs of Direct Benefits to Donors	(504,974)	-	(504,974)
Total Internal Special Events	817,425	192,338	1,009,763
Investment Income, Net	181,304	-	181,304
Other Income	32,902	-	32,902
Net Assets Released from Restrictions	509,365	(509,365)	-
Total Revenues, Gains, and Other Support	3,895,778	(92,913)	3,802,865
EXPENSES			
Program Services:			
Wish Granting	3,279,187	-	3,279,187
Total Program Services	3,279,187	-	3,279,187
Support Services:			
Fundraising	712,622	-	712,622
Management and General	219,703	-	219,703
Total Support Services	932,325	-	932,325
Total Program and Support Services Expenses	4,211,512	-	4,211,512
CHANGE IN VALUE OF SPLIT-INTEREST AGREEMENTS	-	(389)	(389)
Total Expenses and Losses (Gains)	4,211,512	(389)	4,211,123
CHANGE IN NET ASSETS	(315,734)	(92,524)	(408,258)
Net Assets - Beginning of Year	922,072	588,414	1,510,486
NET ASSETS - END OF YEAR	\$ 606,338	\$ 495,890	\$ 1,102,228

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF IOWA
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 31,091	\$ (408,258)
Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	31,402	30,552
Net Realized and Unrealized Gain on Investments	(163,768)	(104,508)
Loss on Sale of Property and Equipment	13,072	2,562
Contributed Property and Equipment and Inventory	(84,902)	(12,295)
Change in Attrition on Accrued Pending Wish Costs	5,620	(19,085)
Change in Value of Split-Interest Agreements	(470)	(389)
Change in Assets and Liabilities:		
Contributions Receivable	(181,460)	47,380
Due from Related Entities	(27,203)	11,548
Prepaid Expenses	2,905	2,529
Inventory	8,430	2,876
Accounts Payable and Accrued Expenses	130,706	(32,764)
Accrued Pending Wish Costs	38,332	542,414
Due to Related Entities	20,112	8,056
Net Cash Provided (Used) by Operating Activities	(176,133)	70,618
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(114,107)	(575,869)
Proceeds from Sales of Investments	494,003	413,818
Purchase of Property and Equipment	(124,161)	(37,660)
Net Cash Provided (Used) by Investing Activities	255,735	(199,711)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	79,602	(129,093)
Cash and Cash Equivalents - Beginning of Year	117,301	246,394
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 196,903	\$ 117,301
SUPPLEMENTAL CASH FLOW INFORMATION		
Contributed Property and Equipment and Inventory	\$ 84,902	\$ 12,295

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF IOWA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2017

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 2,680,605	\$ -	\$ -	\$ -	\$ 2,680,605
Salaries, Taxes, and Benefits	278,578	384,828	263,007	647,835	926,413
Printing, Subscriptions, and Publications	823	117,924	396	118,320	119,143
Professional Fees	6,938	34,022	5,109	39,131	46,069
Rent and Utilities	14,442	16,140	10,634	26,774	41,216
Postage and Delivery	5,390	8,162	854	9,016	14,406
Travel	4,207	23,193	2,884	26,077	30,284
Meetings and Conferences	1,614	34,346	1,073	35,419	37,033
Office Supplies	4,329	6,719	2,886	9,605	13,934
Communications	2,377	5,740	1,347	7,087	9,464
Repairs and Maintenance	2,506	49,605	1,141	50,746	53,252
Insurance	890	995	656	1,651	2,541
Membership Dues	765	855	563	1,418	2,183
National Partnership Dues	94,492	11,961	13,157	25,118	119,610
Miscellaneous	13,683	59,751	8,513	68,264	81,947
Depreciation and Amortization	8,289	17,010	6,103	23,113	31,402
Special Event Expenses	-	532,090	-	532,090	532,090
Investment Fees	-	-	17,007	17,007	17,007
	<u>3,119,928</u>	<u>1,303,341</u>	<u>335,330</u>	<u>1,638,671</u>	<u>4,758,599</u>
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(532,090)	-	(532,090)	(532,090)
Investment Fees	-	-	(17,007)	(17,007)	(17,007)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,119,928</u>	<u>\$ 771,251</u>	<u>\$ 318,323</u>	<u>\$ 1,089,574</u>	<u>\$ 4,209,502</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF IOWA
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	\$ 2,929,896	\$ -	\$ -	\$ -	\$ 2,929,896
Salaries, Taxes, and Benefits	205,518	366,685	179,308	545,993	751,511
Printing, Subscriptions, and Publications	1,459	149,522	656	150,178	151,637
Professional Fees	6,370	34,619	3,614	38,233	44,603
Rent and Utilities	12,734	16,529	7,225	23,754	36,488
Postage and Delivery	4,458	9,436	878	10,314	14,772
Travel	5,929	28,918	2,611	31,529	37,458
Meetings and Conferences	3,176	28,258	1,449	29,707	32,883
Office Supplies	3,851	7,392	1,948	9,340	13,191
Communications	2,953	5,234	887	6,121	9,074
Repairs and Maintenance	1,298	4,251	770	5,021	6,319
Insurance	610	1,487	651	2,138	2,748
Membership Dues	765	992	434	1,426	2,191
National Partnership Dues	80,646	11,625	9,813	21,438	102,084
Miscellaneous	10,991	30,496	4,618	35,114	46,105
Depreciation and Amortization	8,533	17,178	4,841	22,019	30,552
Special Event Expenses	-	504,974	-	504,974	504,974
Investment Fees	-	-	16,392	16,392	16,392
	<u>3,279,187</u>	<u>1,217,596</u>	<u>236,095</u>	<u>1,453,691</u>	<u>4,732,878</u>
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(504,974)	-	(504,974)	(504,974)
Investment Fees	-	-	(16,392)	(16,392)	(16,392)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,279,187</u>	<u>\$ 712,622</u>	<u>\$ 219,703</u>	<u>\$ 932,325</u>	<u>\$ 4,211,512</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF IOWA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Iowa (the Foundation) is an Iowa nonprofit corporation, organized for the purpose of granting wishes to children with life-threatening medical conditions. The Foundation is an independently operating chapter of Make-A-Wish Foundation of America (National Organization), which operates to develop and implement national programs in public relations and fundraising for the benefit of all local chapters. In addition, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to nonprofit entities.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents at August 31, 2017 and 2016 are \$73,289 and \$54,689, 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 IOWA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

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

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

Fair Value Measurements

Fair value measurements of financial assets and financial liabilities and fair value measurements of nonfinancial items are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets (or liabilities) that the reporting entity has the ability to access at the measurement date.
- Level 2 Inputs: Prices for a similar asset (or liability), other than quoted prices included in Level 1 inputs, that are observable for the asset (or liability), either directly or indirectly. If the asset (or liability) has a specified term, a Level 2 input must be observable for substantially the full term of the asset (or liability).

MAKE-A-WISH FOUNDATION® OF IOWA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 3 Inputs: Unobservable inputs for the asset (or liability) used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset (or liability) at measurement date.

See additional information in Note 3.

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 IOWA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

	August 31, 2017			
	Programs	Fundraising	Management and General	Total
Wish Related	\$ 1,098,006	\$ -	\$ -	\$ 1,098,006
Professional Services	-	-	1,500	1,500
Rent	-	-	140,761	140,761
Other	129	103,148	80	103,357
	<u>\$ 1,098,135</u>	<u>\$ 103,148</u>	<u>\$ 142,341</u>	1,343,624
Special Events				195,686
Inventory (Asset)				4,651
Property and Equipment (Capitalized)				80,251
Total				<u>\$ 1,624,212</u>
	August 31, 2016			
	Programs	Fundraising	Management and General	Total
Wish Related	\$ 981,388	\$ -	\$ -	\$ 981,388
Professional Services	-	-	663	663
Other	684	56,693	-	57,377
	<u>\$ 982,072</u>	<u>\$ 56,693</u>	<u>\$ 663</u>	1,039,428
Special Events				179,760
Inventory (Asset)				4,420
Property and Equipment (Capitalized)				7,875
Total				<u>\$ 1,231,483</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 IOWA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Advertising and media is used to help the Foundation communicate its message or mission and includes fundraising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes. Donated advertising and media is 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.

Designated Funds Held by Community Foundation

A designated fund for the benefit of the Foundation has been established at the Community Foundation of Greater Des Moines (CFGDM). Donors select a specific nonprofit institution, which may include the Foundation as the recipient, as long as the named institution remains in existence and continues to fulfill its intended purpose. Those funds are not recognized as an asset by the Foundation, as donors have granted variance power to CFGDM in a nonreciprocal transfer. Distributions received from CFGDM from this fund are recognized as revenue by the Foundation upon receipt. For the years ended August 31, 2017 and 2016, no distributions were received from this fund.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and Iowa taxes under the provisions of Internal Revenue Code Section 501 (c)(3) and Section 504(a) of the Iowa 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, 2017 and 2016. The Foundation files income tax returns in the U.S. federal jurisdiction.

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.

MAKE-A-WISH FOUNDATION® OF IOWA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

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, 2017 and 2016, the Foundation incurred no significant joint costs for activities that included fund raising appeals.

Management and General

All costs not identifiable with a specific 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 accounting principles generally accepted in the United States of America 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 and whether an allowance for uncollectible contributions receivable is required.

Reclassifications

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

NOTE 3 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.

MAKE-A-WISH FOUNDATION® OF IOWA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value of Financial Instruments (Continued)

The fair values of the financial instruments shown in the following tables as of August 31, 2017 and 2016 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

Investments

Overall Investment Objective

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

Allocation of Investment Strategies

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

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2017:

	Fair Value Measurements at August 31, 2017 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
International Equity	\$ 243,286	\$ -	\$ -	\$ 243,286
Global	103,444	-	-	103,444
Real Estate	66,078	-	-	66,078
Bonds	793,762	-	-	793,762
Exchange-Traded Funds:				
Domestic Equity	831,252	-	-	831,252
International Equity	126,920	-	-	126,920
Commodities	51,853	-	-	51,853
Bonds	171,898	-	-	171,898
Total Recurring	<u>2,388,493</u>	<u>-</u>	<u>-</u>	<u>2,388,493</u>
Nonrecurring:				
Split-Interest Agreements	-	-	8,377	8,377
Total	<u>\$ 2,388,493</u>	<u>\$ -</u>	<u>\$ 8,377</u>	<u>\$ 2,396,870</u>

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:				
International Equity	\$ 251,149	\$ -	\$ -	\$ 251,149
Global	91,144	-	-	91,144
Real Estate	132,504	-	-	132,504
Bonds	1,021,505	-	-	1,021,505
Exchange-Traded Funds:				
Domestic Equity	745,063	-	-	745,063
International Equity	118,448	-	-	118,448
Commodities	68,899	-	-	68,899
Bonds	175,909	-	-	175,909
Total Recurring	<u>2,604,621</u>	<u>-</u>	<u>-</u>	<u>2,604,621</u>
Nonrecurring:				
Split-Interest Agreements	-	-	7,907	7,907
Total	<u>\$ 2,604,621</u>	<u>\$ -</u>	<u>\$ 7,907</u>	<u>\$ 2,612,528</u>

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

For the valuation of recurring exchange-traded bonds, the Foundation uses significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2). The Foundation has no Level 2 assets at August 31, 2017 and 2016.

For the valuation of nonrecurring split-interest agreement investments at August 31, 2017 and 2016, the Foundation used significant unobservable inputs (Level 3).

Quantitative Information About Level 3 Fair Value Measurements					
Type of Investments	Fair Value at August 31, 2017	Fair Value at August 31, 2016	Valuation Technique	Unobservable Input	Range (Weighted Average)
Split-Interest Agreements	\$ 8,377	\$ 7,907	Present value of the estimated future payments to be received	Estimation of value	Not meaningful

The following table presents a roll forward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the years ended August 31:

	2017	2016
Beginning Balance	\$ 7,907	\$ 7,518
Total Gains (Realized/Unrealized) Included in Changes in Net Assets	470	389
Ending Balance	\$ 8,377	\$ 7,907
 Change in Unrealized Gains for the Period Included in the Change in Net Assets Relating to Investments Still Held at End of Reporting Period	 \$ 470	 \$ 389

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

	2017	2016
Interest and Dividend Income	\$ 105,712	\$ 93,188
Realized and Unrealized Gain, Net	163,768	104,508
Less: Investment Expenses	(17,007)	(16,392)
Investment Income (Loss), Net	\$ 252,473	\$ 181,304

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NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable include unconditional promises to give due within the next 12 months and a contribution of in-kind rent under the office space lease agreement that has been discounted at a rate of 4%. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2017 and 2016. The following is a summary of the Foundation's contributions receivable at August 31:

	2017	2016
Total Amounts Due in:		
One Year	\$ 341,677	\$ 282,428
Two to Five Years	74,200	-
More than Five Years	79,500	-
Gross Contributions Receivable	495,377	282,428
Less: Discount to Present Value	(31,489)	-
Contributions Receivable, Net	\$ 463,888	\$ 282,428

NOTE 5 SPLIT-INTEREST AGREEMENTS

Charitable Gift Annuities

The Foundation is a named income beneficiary on various perpetual trusts, the corpus of which is not controlled by the management of the Foundation. Under these arrangements, the Foundation has the irrevocable right to receive all or a portion of the income earned on the underlying assets. Accordingly, temporarily restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation receives notice that the trust agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets have been recorded in the accompanying statements of activities as a component of temporarily restricted realized gains and losses on investments.

The Foundation's beneficial interest in the trust is \$8,377 and \$7,907 as of August 31, 2017 and 2016, respectively. The Foundation used significant unobservable inputs including asset valuation statements from the asset trustees and the terms of the underlying agreements, which includes a calculation of the present value of the estimated future payments to be received (Level 3).

NOTE 6 TRANSACTIONS WITH RELATED PARTIES

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, 2017 and 2016, respectively, the Foundation received \$261,723 and \$402,843, respectively, from these national revenue streams.

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NOTE 6 TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Conversely, the Foundation pays amounts to the National Organization for chapter 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 \$119,610 and \$102,084 were paid from the Foundation to the National Organization during the years ended August 31, 2017 and 2016, 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 originating chapter agrees to pay a fee to the chapter of the wish destination to assist with any planning, booking and facilitating of the wish for the home chapter. Under this program, the Foundation received \$300 and \$- for the year ended August 31, 2017 and 2016, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	<u>2017</u>	<u>2016</u>
Balance at August 31:		
Due from National Organization	<u>\$ 47,231</u>	<u>\$ 20,028</u>
Due to National Organization	\$ 4,770	\$ -
Due to Other Chapters	<u>23,398</u>	<u>8,056</u>
Total Due to Related Entities	<u>\$ 28,168</u>	<u>\$ 8,056</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 to other chapters represent amounts owed to other chapters who have assisted in the granting of wishes for the Foundation. Amounts due to the National Organization generally represent unpaid chapter dues and services.

During 2017 and 2016, the Foundation received contributions, both cash and in-kind, from board members totaling \$67,164 and \$31,043, respectively.

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NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2017	2016
Computer Equipment and Software	\$ 80,937	\$ 80,238
Office Furniture	21,607	20,688
Other Equipment	28,835	67,247
Leasehold Improvements	66,659	92,740
Total	<u>198,038</u>	<u>260,913</u>
Less: Accumulated Depreciation and Amortization	(165,462)	(185,481)
Construction in Progress	202,794	-
Property and Equipment, Net	<u>\$ 235,370</u>	<u>\$ 75,432</u>

Depreciation and amortization expense totaled \$31,402 and \$30,552 for the years ended August 31, 2017 and 2016, respectively.

NOTE 8 ACCRUED PENDING WISH COSTS

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

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

Estimated cash and in-kind costs are accrued as pending wish liability at year-end for all reportable pending wishes. The in-kind portion of the pending wish liability includes the estimated in-kind expenses that are expected to be incurred in fulfilling each wish even though the matching in-kind revenues are not recognized until the in-kind goods or services, or an unconditional promise for those in-kind goods or services, are received. Although not fully guaranteed, if the related expected in-kind revenue were recognized in the same fiscal period as the expected in-kind expense, total net assets at August 31, 2017 would be increased by \$719,702 resulting in adjusted net assets of \$1,853,021.

MAKE-A-WISH FOUNDATION® OF IOWA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 8 ACCRUED PENDING WISH COSTS (CONTINUED)

The Foundation, as part of its estimate of accrued pending wish costs, also considers attrition on pending wish costs. An attrition rate is calculated by the Foundation by analyzing the trend of wishes that have been accrued for using the five criteria discussed above that have not been able to be completed within the past twelve months due to factors outside of the control of the chapter, such as the death of a child, the move of the family out of the chapter's territory, or loss of contact with the family. As of August 31, 2017 and 2016, the Foundation had 173 and 168 reportable pending wishes, respectively.

NOTE 9 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through September 2027. Total rent expense for all operating leases for the years ended August 31, 2017 and 2016 was \$35,656 and \$35,286, respectively.

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

<u>Year Ending August 31:</u>	<u>Operating Leases</u>
2018	\$ 43,721
2019	47,475
2020	47,475
2021	46,667
2022	47,109
Thereafter	242,475
Total Minimum Lease Payments	<u>\$ 474,922</u>

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Time Restrictions	\$ 364,589	\$ 176,265
Purpose Restrictions	340,519	319,625
Total Temporarily Restricted Net Assets	<u>\$ 705,108</u>	<u>\$ 495,890</u>

For the year ended August 31, 2017 and 2016, there were no permanently restricted net assets.

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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 Internal Revenue Code (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, 2017 and 2016 were \$19,183 and \$15,483, respectively.

NOTE 12 CONCENTRATIONS OF CREDIT RISK

In-kind contributions totaling \$439,989 and \$464,319 were received from a single donor for the years ended August 31, 2017 and 2016, respectively, which represents 16% and 18%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 13 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 6, 2017, the date at which the financial statements were available to be issued.



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