

MAKE-A-WISH, HAWAII, INC.
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2015 AND 2014

**MAKE-A-WISH, HAWAII, INC.
TABLE OF CONTENTS
YEARS ENDED AUGUST 31, 2015 AND 2014**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENTS OF CASH FLOWS	6
STATEMENTS OF FUNCTIONAL EXPENSES	7
NOTES TO FINANCIAL STATEMENTS	9
SCHEDULE	24



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish, Hawaii, Inc.
Honolulu, Hawaii

We have audited the accompanying financial statements of Make-A-Wish, Hawaii, Inc., 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, Hawaii, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish, Hawaii, Inc. 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on contributions other than cash received on behalf of other chapter in the Schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
December 7, 2015

MAKE-A-WISH, HAWAII, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 1,016,998	\$ 876,301
Investments	1,512,115	1,934,407
Due from Related Entities	564,325	554,283
Prepaid Expenses	12,240	7,369
Contributions Receivable, Net	208,049	75,227
Other Assets	107,672	72,220
Restricted Cash	5,355	100,000
Investments Held for Long-Term Purposes	523,360	523,360
Property and Equipment, Net.	238,909	214,447
Total Assets	\$ 4,189,023	\$ 4,357,614
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 676,432	\$ 519,199
Accrued Pending Wish Costs	797,243	349,105
Due to Related Entities	10,438	402,675
Note Payable	300,000	-
Total Liabilities	1,784,113	1,270,979
NET ASSETS		
Unrestricted	1,802,341	2,503,546
Temporarily Restricted	177,719	158,239
Permanently Restricted	424,850	424,850
Total Net Assets	2,404,910	3,086,635
Total Liabilities and Net Assets	\$ 4,189,023	\$ 4,357,614

See accompanying Notes to Financial Statements.

**MAKE-A-WISH, HAWAII, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 1,924,781	\$ 222,001	\$ -	\$ 2,146,782
Grants	539,566	5,355	-	544,921
Total Public Support	<u>2,464,347</u>	<u>227,356</u>	<u>-</u>	<u>2,691,703</u>
Internal Special Events	1,105,570	-	-	1,105,570
Less Costs of Direct Benefits to Donors	(384,374)	-	-	(384,374)
Total Special Events	<u>721,196</u>	<u>-</u>	<u>-</u>	<u>721,196</u>
Investment Income, Net	(38,205)	-	-	(38,205)
Other Income	368,873	-	-	368,873
Net Assets Released from Restrictions	207,876	(207,876)	-	-
Total Revenues, Gains, and Other Support	<u>3,724,087</u>	<u>19,480</u>	<u>-</u>	<u>3,743,567</u>
EXPENSES				
Program Services:				
Wish Granting	2,976,521	-	-	2,976,521
Program-Related Support	891,079	-	-	891,079
Total Program Services	<u>3,867,600</u>	<u>-</u>	<u>-</u>	<u>3,867,600</u>
Support Services:				
Fundraising	307,859	-	-	307,859
Management and General	249,833	-	-	249,833
Total Support Services	<u>557,692</u>	<u>-</u>	<u>-</u>	<u>557,692</u>
Total Program and Support Services Expense	4,425,292	-	-	4,425,292
Change in Net Assets	(701,205)	19,480	-	(681,725)
Net Assets - Beginning of Year	<u>2,503,546</u>	<u>158,239</u>	<u>424,850</u>	<u>3,086,635</u>
NET ASSETS - END OF YEAR	<u><u>\$ 1,802,341</u></u>	<u><u>\$ 177,719</u></u>	<u><u>\$ 424,850</u></u>	<u><u>\$ 2,404,910</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH, HAWAII, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 1,399,489	\$ 58,239	\$ -	\$ 1,457,728
Grants	461,691	100,000	-	561,691
Total Public Support	<u>1,861,180</u>	<u>158,239</u>	<u>-</u>	<u>2,019,419</u>
Internal Special Events	1,096,589	-	-	1,096,589
Less Costs of Direct Benefits to Donors	(512,358)	-	-	(512,358)
Total Special Events	<u>584,231</u>	<u>-</u>	<u>-</u>	<u>584,231</u>
Investment Income, Net	250,441	-	-	250,441
Other Income	314,637	-	-	314,637
Net Assets Released from Restrictions	2,806	(2,806)	-	-
Total Revenues, Gains, and Other Support	<u>3,013,295</u>	<u>155,433</u>	<u>-</u>	<u>3,168,728</u>
EXPENSES				
Program Services:				
Wish Granting	1,554,834	-	-	1,554,834
Program-Related Support	777,430	-	-	777,430
Total Program Services	<u>2,332,264</u>	<u>-</u>	<u>-</u>	<u>2,332,264</u>
Support Services:				
Fundraising	176,696	-	-	176,696
Management and General	256,175	-	-	256,175
Total Support Services	<u>432,871</u>	<u>-</u>	<u>-</u>	<u>432,871</u>
Total Program and Support Services Expense	<u>2,765,135</u>	<u>-</u>	<u>-</u>	<u>2,765,135</u>
Change in Net Assets	248,160	155,433	-	403,593
Net Assets - Beginning of Year	<u>2,255,386</u>	<u>2,806</u>	<u>424,850</u>	<u>2,683,042</u>
NET ASSETS - END OF YEAR	<u><u>\$ 2,503,546</u></u>	<u><u>\$ 158,239</u></u>	<u><u>\$ 424,850</u></u>	<u><u>\$ 3,086,635</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH, HAWAII, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (681,725)	\$ 403,593
Adjustments to reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation and Amortization	49,498	42,127
Net Realized and Unrealized (Gains) Losses on Investments	67,119	(216,340)
Contributed Property and Equipment, Inventory and Investments	(1,140)	(1,400)
Changes in Assets and Liabilities:		
Contributions Receivable	(132,822)	(62,721)
Due from Related Entities	(10,042)	(134,549)
Prepaid Expenses	(4,871)	(3,446)
Other Assets	(35,452)	(60,707)
Accounts Payable and Accrued Expenses	157,233	64,828
Accrued Pending Wish Costs	448,138	(61,137)
Due to Related Entities	(392,237)	402,675
Net Cash Provided by (Used in) Operating Activities	(536,301)	372,923
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,329,840)	(1,070,586)
Proceeds from Sales of Investments	1,685,013	948,757
Purchases of Property and Equipment	(72,820)	(130,300)
Change in Restricted Cash	94,645	(100,000)
Net Cash Provided by (Used in) Investing Activities	376,998	(352,129)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Notes Payable	300,000	-
Net Cash Provided by Financing Activities	300,000	-
 Net Increase in Cash and Cash Equivalents	140,697	20,794
 Cash and Cash Equivalents - Beginning of Year	876,301	855,507
 CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,016,998	\$ 876,301

See accompanying Notes to Financial Statements.

MAKE-A-WISH, HAWAII, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2015

	Program Services			Support Services			Total
	Wish Granting	Program-Related Support	Total Program Services	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 1,768,533	\$ 60,133	\$ 1,828,666	\$ -	\$ -	\$ -	\$ 1,828,666
Salaries, Taxes, and Benefits	761,138	610,699	1,371,837	172,148	132,893	305,041	1,676,878
Printing, Subscriptions, and Publications	101,848	15,936	117,784	65,440	3,003	68,443	186,227
Professional Fees	9,945	9,702	19,647	2,426	65,646	68,072	87,719
Rent and Utilities	83,568	81,273	164,841	20,327	18,372	38,699	203,540
Postage and Delivery	2,595	3,346	5,941	617	557	1,174	7,115
Travel	25,910	9,723	35,633	7,716	1,715	9,431	45,064
Meetings and Conferences	60,263	14,869	75,132	7,610	2,189	9,799	84,931
Office Supplies	9,473	7,624	17,097	1,745	1,185	2,930	20,027
Communications	3,325	3,654	6,979	803	723	1,526	8,505
Repairs and Maintenance	2,244	2,097	4,341	524	472	996	5,337
Information Technology	21,455	21,102	42,557	5,045	4,613	9,658	52,215
Membership Dues	387	378	765	95	85	180	945
National Partnership Dues	52,665	-	52,665	7,333	6,667	14,000	66,665
Miscellaneous	52,878	30,744	83,622	11,281	7,057	18,338	101,960
Depreciation and Amortization	20,294	19,799	40,093	4,749	4,656	9,405	49,498
	<u>\$ 2,976,521</u>	<u>\$ 891,079</u>	<u>\$ 3,867,600</u>	<u>\$ 307,859</u>	<u>\$ 249,833</u>	<u>\$ 557,692</u>	<u>\$ 4,425,292</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH, HAWAII, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2014

	Program Services			Support Services			Total
	Wish Granting	Program-Related Support	Total Program Services	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 796,968	\$ 54,513	\$ 851,481	\$ -	\$ -	\$ -	\$ 851,481
Salaries, Taxes, and Benefits	463,770	512,587	976,357	97,636	146,454	244,090	1,220,447
Printing, Subscriptions, and Publications	80,927	43,823	124,750	33,893	12,028	45,921	170,671
Professional Fees	6,988	6,988	13,976	-	48,812	48,812	62,788
Rent and Utilities	61,486	68,448	129,934	13,064	19,324	32,388	162,322
Postage and Delivery	3,538	4,211	7,749	1,600	978	2,578	10,327
Travel	13,672	10,924	24,596	2,736	2,265	5,001	29,597
Meetings and Conferences	26,791	15,221	42,012	10,328	6,171	16,499	58,511
Office Supplies	7,920	8,837	16,757	2,104	1,830	3,934	20,691
Communications	2,046	2,487	4,533	458	615	1,073	5,606
Repairs and Maintenance	6,167	9,766	15,933	793	1,189	1,982	17,915
Information Technology	14,252	15,889	30,141	3,483	4,345	7,828	37,969
Membership Dues	21	23	44	4	322	326	370
National Partnership Dues	39,881	-	39,881	5,624	5,624	11,248	51,129
Miscellaneous	14,399	6,020	20,419	1,151	1,614	2,765	23,184
Depreciation and Amortization	16,008	17,693	33,701	3,822	4,604	8,426	42,127
	<u>\$ 1,554,834</u>	<u>\$ 777,430</u>	<u>\$ 2,332,264</u>	<u>\$ 176,696</u>	<u>\$ 256,175</u>	<u>\$ 432,871</u>	<u>\$ 2,765,135</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH, HAWAII, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 1 ORGANIZATION

Make-A-Wish, Hawaii, Inc. (the Foundation) is a Hawaii not-for-profit corporation, organized for the purpose of granting wishes to children with life-threatening medical conditions. Due to the geographical location of the chapter, the chapter also performs wish assist services for other Make-A-Wish chapters with children whose wish is to travel to Hawaii. 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 is \$263,080 and \$133,380 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.

Investments held for long term purposes have been segregated due to donor-imposed restrictions that limit their use to long-term purposes

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, HAWAII, INC.
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 \$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 7 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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, HAWAII, INC.
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.

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, HAWAII, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	2015	2014
Contributions:		
Wish Related	\$ 613,500	\$ 344,478
Professional Services	29,281	-
Advertising and Media	34,561	32,827
Property and Equipment	1,140	1,400
Other	86,022	62,990
Total	\$ 764,504	\$ 441,695
Special Event Revenue		
Internal Special Events	\$ 261,519	\$ 234,768

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

Program or supporting services expenses were recorded at fair value totaling \$1,034,209 and \$675,063 in 2015 and 2014, respectively, with the difference recorded as other assets representing primarily auction items received and not yet used.

Advertising and media is used to help the Foundation communicate its message or mission and includes fundraising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes. Advertising and media are reported as contribution revenue when received and fundraising or public information expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

Income Taxes

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

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

MAKE-A-WISH, HAWAII, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The Foundation performs four functions: wish granting, program-related support, 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.

Program-Related Support

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

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 included fund raising appears.

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, HAWAII, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassification

Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 financial statement presentation. These reclassifications have no impact on net assets as previously reported.

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.

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 [or the Board of Directors, or Investment Committee, as appropriate], which oversees the Foundation's investment program in accordance with established guidelines.

MAKE-A-WISH, HAWAII, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

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, 2015 and 2014:

	Fair Value Measurements at August 31, 2015 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 230,826	\$ -	\$ -	\$ 230,826
Equity Securities:				
U.S. Corporate Equity Securities	1,073,228	-	-	1,073,228
Certificates of Deposit	300,000	-	-	300,000
Debt Securities:				
U.S. Treasury	-	338,654	-	338,654
Corporate	92,767	-	-	92,767
Total	<u>\$ 1,696,821</u>	<u>\$ 338,654</u>	<u>\$ -</u>	<u>\$ 2,035,475</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, 2014:

	Fair Value Measurements at August 31, 2014 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 313,268	\$ -	\$ -	\$ 313,268
Exchange-Traded Funds:				
Domestic Equity	52,260	-	-	52,260
Equity Securities:				
U.S. Corporate Equity Securities	1,234,585	-	-	1,234,585
Certificates of Deposit	300,000	-	-	300,000
Debt Securities:				
U.S. Treasury	-	397,643	-	397,643
Corporate	160,011	-	-	160,011
Total	<u>\$ 2,060,124</u>	<u>\$ 397,643</u>	<u>\$ -</u>	<u>\$ 2,457,767</u>

At August 31, 2015 and 2014, there were no assets and liabilities that were measured using Level 3 inputs.

**MAKE-A-WISH, HAWAII, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy

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	\$ 52,502	\$ 54,308
Realized and Unrealized Gains, Net	(67,119)	216,340
less Investment Expenses	(23,588)	(20,207)
Investment Income, Net	\$ (38,205)	\$ 250,441

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable at August 31, 2015 and 2014 were \$208,049 and \$75,227, which represent 97% and 88% from two donors, respectively. All contributions receivable are due within the next twelve months. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2015 and 2014.

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 \$890,452 and \$806,083, 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 \$73,981 and \$54,929 were paid from the Foundation to the National Organization during the years ended August 31, 2015 and 2014, 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 \$338,100 and \$289,203 for the years ended August 31, 2015 and 2014, respectively, which is recorded in the accompanying statements of activities as other income.

MAKE-A-WISH, HAWAII, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 5 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Amounts due from and to related entities are as follows:

	<u>2015</u>	<u>2014</u>
Balance at August 31:		
Due from National Organization	\$ 35,635	\$ 84,864
Due from Other Chapters	528,690	469,419
Total Due from Related Entities	<u>\$ 564,325</u>	<u>\$ 554,283</u>
Due to National Organization	\$ -	\$ 400,199
Due to Other Chapters	10,438	2,476
Total Due to Related Entities	<u>\$ 10,438</u>	<u>\$ 402,675</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 \$516,652 and \$122,293, respectively. In 2015 and 2014, amounts due from board members totaled \$1,975 and \$7,875, respectively, and are included in contributions receivable in the accompanying statements of financial position. Amounts paid to related parties for office rent used in the Foundation's operations totaled \$89,291 and \$60,798 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	\$ 92,284	\$ 51,374
Office Furniture	203,633	170,584
Other Equipment	23,360	47,516
Leasehold Improvements	55,145	55,145
	<u>374,422</u>	<u>324,619</u>
Less Accumulated Depreciation and Amortization	(135,513)	(110,172)
Property and Equipment, Net	<u>\$ 238,909</u>	<u>\$ 214,447</u>

Depreciation and amortization expense totaled \$49,498 and \$42,127 for the years ended August 31, 2015 and 2014, respectively.

MAKE-A-WISH, HAWAII, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

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 60 and 33 reportable pending wishes, respectively.

NOTE 8 NOTE PAYABLE

The Foundation has a secured line of credit with a financial institution totaling \$500,000, bearing interest at 2% that expires on July 20, 2016. There was \$300,000 and \$-0-outstanding on this line of credit as of August 31, 2015 and 2014, respectively.

MAKE-A-WISH, HAWAII, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 9 LEASES

The Foundation is obligated under operating leases for office space and copier equipment. The office equipment lease term is five years with a payment of \$450 per month. On March 12, 2012, the Foundation entered into a lease agreement with a related party for office space. The office space lease term began on April 1, 2012 and expires in five years. The monthly rental expense for the office space is \$5,350, plus applicable excise taxes, of which the Foundation pays \$2,021 in cash and receives a discount of \$3,329 as rental expense and an in-kind contribution. On November 26, 2013 the lease was amended and rental expense increased to \$12,190 commencing on January 1, 2014, of which the Foundation pays \$6,221 in cash and receives a discount of \$5,969 as rental expense and an in-kind contribution.

Total rent expense for all operating leases for the years ended August 31, 2015 and 2014 totaled \$203,540 and \$162,322, respectively, which includes general excise tax and the donated rent portion.

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>
2016	\$ 83,564
2017	46,048
Total Minimum Lease Payments	<u>\$ 129,612</u>

NOTE 10 ENDOWMENTS

The Foundation is subject to the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and is required to make disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation's endowment consists of approximately two individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets, both donor-restricted and board-designated, are reflected as investments held for long term purposes on the statements of financial position.

MAKE-A-WISH, HAWAII, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Hawaii UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Endowment net asset composition by type of fund as of August 31, 2015 and 2014 is as follows:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ -	\$ -	\$ 424,850	\$ 424,850
Board-Designated Endowment Funds	98,510	-	-	98,510
Total Funds	<u>\$ 98,510</u>	<u>\$ -</u>	<u>\$ 424,850</u>	<u>\$ 523,360</u>

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ -	\$ -	\$ 424,850	\$ 424,850
Board-Designated Endowment Funds	98,510	-	-	98,510
Total Funds	<u>\$ 98,510</u>	<u>\$ -</u>	<u>\$ 424,850</u>	<u>\$ 523,360</u>

MAKE-A-WISH, HAWAII, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 10 ENDOWMENTS (CONTINUED)

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

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ 98,510	\$ -	\$ 424,850	\$ 523,360
Investment Return:				
Investment Income	-	13,499	-	13,499
Net Appreciation (Realized and Unrealized)	-	(23,323)	-	(23,323)
Total Investment Return	<u>\$ -</u>	<u>\$ (9,824)</u>	<u>\$ -</u>	<u>\$ (9,824)</u>
Contributions	-	-	-	-
Reclassification to Endowment Asset	-	-	-	-
Appropriation of Endowment Assets for Expenditure	-	9,824	-	9,824
Endowment Net Assets, End of Year	<u>\$ 98,510</u>	<u>\$ -</u>	<u>\$ 424,850</u>	<u>\$ 523,360</u>
	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ 98,510	\$ -	\$ 424,850	\$ 523,360
Investment Return:				
Investment Income	-	12,405	-	12,405
Net Appreciation (Realized and Unrealized)	-	44,802	-	44,802
Total Investment Return	<u>\$ -</u>	<u>\$ 57,207</u>	<u>\$ -</u>	<u>\$ 580,567</u>
Contributions	-	-	-	-
Reclassification to Endowment Asset	-	-	-	-
Appropriation of Endowment Assets for Expenditure	-	(57,207)	-	(57,207)
Endowment Net Assets, End of Year	<u>\$ 98,510</u>	<u>\$ -</u>	<u>\$ 424,850</u>	<u>\$ 523,360</u>

**MAKE-A-WISH, HAWAII, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 10 ENDOWMENTS (CONTINUED)

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets (endowment only):

	2015	2014
Permanently Restricted Net Assets:		
The Portion of Perpetual Endowment Funds that is Required to be Retained Permanently Either by Explicit Donor Stipulation or by UPMIFA	\$ 424,850	\$ 424,850

Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There have been no such deficiencies in 2015 or 2014.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year any investment income earned or generated from its endowment fund.

MAKE-A-WISH, HAWAII, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 11 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	<u>2015</u>	<u>2014</u>
Time Restrictions	\$ 168,969	\$ 158,239
Purpose Restrictions	8,750	-
Total Temporarily Restricted Net Assets	<u>\$ 177,719</u>	<u>\$ 158,239</u>

For the years ended August 31, permanently restricted net assets are restricted to:

	<u>2015</u>	<u>2014</u>
Investments in Perpetuity, the Income from which is Expendable to Support Any Activities of the Foundation	<u>\$ 424,850</u>	<u>\$ 424,850</u>

NOTE 12 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 3% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2015 and 2014 were \$21,243 and \$14,696, respectively.

NOTE 13 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. From time to time throughout the year, the Foundation's cash balances may exceed the amount of the FDIC insurance coverage.

NOTE 14 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 7, 2015, the date at which the financial statements were available to be issued.

**MAKE-A-WISH, HAWAII, INC.
SCHEDULE
AUGUST 31, 2015 AND 2014**

Supplementary Information (Unaudited)

Contributions Received on Behalf of Other Chapters

In 2015 and 2014, the Foundation received contributions of assets other than cash on behalf of other chapters in the amounts of \$12,981,160 and \$10,676,904, respectively. In 2015 and 2014 \$10,034,431 and \$9,208,568, respectively, of these contributions were received from a single vendor providing lodging services. These amounts are excluded from the accompanying statements of activities as they are recognized as in-kind contributions on the financial statements of affiliated chapters.