

**MAKE-A-WISH FOUNDATION® OF
CENTRAL & SOUTH TEXAS**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2015 AND 2014

**MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Central & South Texas
Austin, Texas

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Central & South Texas, 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 Central & South Texas

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 Central & South Texas as of August 31, 2015 and 2014, and changes 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
February 1, 2016

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 1,894,694	\$ 1,436,982
Due from Related Entities	73,895	164,555
Prepaid Expenses	27,692	15,394
Contributions Receivable, Net	170,997	217,147
Other Assets	182	36,667
Property and Equipment, Net	58,953	32,600
Total Assets	\$ 2,226,413	\$ 1,903,345
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 255,738	\$ 75,019
Accrued Pending Wish Costs	1,755,333	889,985
Due to Related Entities	36,341	3,500
Capital Lease Obligations	16,383	-
Total Liabilities	2,063,795	968,504
Net Assets (Deficit)		
Unrestricted	(64,498)	777,613
Temporarily Restricted	227,116	157,228
Total Net Assets	162,618	934,841
Total Liabilities and Net Assets	\$ 2,226,413	\$ 1,903,345

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 3,044,959	\$ 166,910	\$ 3,211,869
Grants	298,812	56,119	354,931
Total Public Support	3,343,771	223,029	3,566,800
Internal Special Events	590,430	4,087	594,517
Less Costs of Direct Benefits to Donors	(127,450)	-	(127,450)
Total Special Events	462,980	4,087	467,067
Investment Income, Net	365	-	365
Other Income	2,950	-	2,950
Net Assets Released from Restrictions	157,228	(157,228)	-
Total Revenues, Gains, and Other Support	3,967,294	69,888	4,037,182
EXPENSES			
Program Services:			
Wish Granting	3,813,156	-	3,813,156
Total Program Services	3,813,156	-	3,813,156
Support Services:			
Fundraising	698,138	-	698,138
Management and General	298,111	-	298,111
Total Support Services	996,249	-	996,249
Total Program and Support Services Expense	4,809,405	-	4,809,405
Change in Net Assets	(842,111)	69,888	(772,223)
Net Assets - Beginning of Year	777,613	157,228	934,841
NET ASSETS (DEFICIT) - END OF YEAR	\$ (64,498)	\$ 227,116	\$ 162,618

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 2,817,916	\$ 157,228	\$ 2,975,144
Grants	378,064	-	378,064
Total Public Support	3,195,980	157,228	3,353,208
Internal Special Events	599,420	-	599,420
Less Costs of Direct Benefits to Donors	(143,490)	-	(143,490)
Total Special Events	455,930	-	455,930
Investment Income, Net	1,317	-	1,317
Other Income	17,795	-	17,795
Net Assets Released from Restrictions	215,517	(215,517)	-
Total Revenues, Gains, and Other Support	3,886,539	(58,289)	3,828,250
EXPENSES			
Program Services:			
Wish Granting	2,561,254	-	2,561,254
Total Program Services	2,561,254	-	2,561,254
Support Services:			
Fundraising	535,949	-	535,949
Management and General	258,427	-	258,427
Total Support Services	794,376	-	794,376
Total Program and Support Services Expense	3,355,630	-	3,355,630
Change in Net Assets	530,909	(58,289)	472,620
Net Assets - Beginning of Year	246,704	215,517	462,221
NET ASSETS - END OF YEAR	\$ 777,613	\$ 157,228	\$ 934,841

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (772,223)	\$ 472,620
Adjustments to reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	17,761	6,778
Bad Debt Expense and Other	2,435	-
Contributed Property and Equipment	(15,024)	(9,308)
Change in Attrition on Accrued Pending Wish Costs	(42,288)	(11,588)
Changes in Assets and Liabilities:		
Contributions Receivable	43,715	28,571
Due from Related Entities	90,660	37,189
Prepaid Expenses	(12,298)	(3,203)
Other Assets	36,485	(33,905)
Accounts Payable and Accrued Expenses	180,719	(60,801)
Accrued Pending Wish Costs	907,636	112,279
Due to Related Entities	32,841	(10,026)
Net Cash Provided by Operating Activities	470,419	528,606
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	-	250,000
Purchases of Property and Equipment	(10,349)	(12,207)
Net Cash Provided by (Used in) Investing Activities	(10,349)	237,793
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(2,358)	-
Net Cash Used in Financing Activities	(2,358)	-
Net Increase in Cash and Cash Equivalents	457,712	766,399
Cash and Cash Equivalents - Beginning of Year	1,436,982	670,583
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,894,694	\$ 1,436,982
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash Paid for Interest on Capital Lease	\$ 1,062	\$ -
NONCASH OPERATING AND FINANCING ACTIVITIES		
Contributed Property and Equipment	\$ 15,024	\$ 9,308
Acquisition of Equipment with Capital Lease	\$ 18,741	\$ -

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
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	\$ 3,176,202	\$ -	\$ -	\$ -	\$ 3,176,202
Salaries, Taxes, and Benefits	412,221	451,138	220,152	671,290	1,083,511
Printing, Subscriptions, and Publications	6,365	16,019	2,763	18,782	25,147
Professional Fees	18,119	25,212	10,705	35,917	54,036
Rent and Utilities	43,695	45,936	22,408	68,344	112,039
Postage and Delivery	2,581	2,706	1,269	3,975	6,556
Travel	8,214	15,988	4,744	20,732	28,946
Meetings and Conferences	6,513	31,383	9,842	41,225	47,738
Office Supplies	18,227	5,109	2,466	7,575	25,802
Communications	9,810	10,925	4,173	15,098	24,908
Advertising and Media (Cash)	3,750	7,265	-	7,265	11,015
Advertising and Media (In-Kind)	-	33,010	-	33,010	33,010
Repairs and Maintenance	724	761	371	1,132	1,856
Insurance	-	5,244	-	5,244	5,244
Bad Debt Expense	-	2,435	-	2,435	2,435
Membership Dues	337	2,192	173	2,365	2,702
Grants and Scholarships	1,000	-	-	-	1,000
National Partnership Dues	91,355	12,720	11,564	24,284	115,639
Miscellaneous	7,116	22,813	3,929	26,742	33,858
Depreciation and Amortization	6,927	7,282	3,552	10,834	17,761
	<u>\$ 3,813,156</u>	<u>\$ 698,138</u>	<u>\$ 298,111</u>	<u>\$ 996,249</u>	<u>\$ 4,809,405</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2014

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Support Services	
Direct Costs of Wishes	\$ 1,921,600	\$ -	\$ -	\$ -	\$ 1,921,600
Salaries, Taxes, and Benefits	453,058	355,513	161,693	517,206	970,264
Printing, Subscriptions, and Publications	12,768	12,522	1,498	14,020	26,788
Professional Fees	4,887	6,011	39,195	45,206	50,093
Rent and Utilities	50,070	37,662	17,369	55,031	105,101
Postage and Delivery	5,139	4,896	817	5,713	10,852
Travel	6,498	14,002	5,138	19,140	25,638
Meetings and Conferences	2,105	46,053	4,464	50,517	52,622
Office Supplies	5,020	3,523	2,092	5,615	10,635
Communications	10,974	9,129	3,339	12,468	23,442
Advertising and Media (Cash)	-	765	-	765	765
Advertising and Media (In-Kind)	-	6,500	-	6,500	6,500
Repairs and Maintenance	12,688	10,360	4,722	15,082	27,770
Membership Dues	172	167	3,874	4,041	4,213
National Partnership Dues	73,040	10,300	10,300	20,600	93,640
Miscellaneous	13	16,113	2,803	18,916	18,929
Depreciation and Amortization	3,222	2,433	1,123	3,556	6,778
	<u>\$ 2,561,254</u>	<u>\$ 535,949</u>	<u>\$ 258,427</u>	<u>\$ 794,376</u>	<u>\$ 3,355,630</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Central & South Texas (the Foundation) is a Texas not-for-profit corporation, organized for the purpose of granting wishes to children with life-threatening medical conditions. The Foundation is an independent 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.

Investments

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

Contributions Receivable

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions receivable are discounted using fair value rates and contributions are written off when deemed uncollectible.

Property and Equipment, Net

Property and equipment having a 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 10 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

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

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. For the years ended 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 CENTRAL & SOUTH TEXAS
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:

	2015	2014
Contributions:		
Wish Related	\$ 1,022,845	\$ 773,204
Professional Services	-	9,200
Advertising and Media	900	-
Rent and Utilities	41,668	44,120
Property and Equipment	15,024	9,308
Other	19,494	30,055
Total	\$ 1,099,931	\$ 865,887
Special Event Revenue		
Internal Special Events	\$ 58,164	\$ 20,331

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 \$1,084,907 and \$856,579 in 2015 and 2014, respectively, with the difference recorded as other assets representing primarily contributed property and equipment.

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 and fundraising expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

Income Taxes

The Foundation is a not-for-profit organization exempt from federal income and Texas taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 171.063 of the Texas Tax 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.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

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

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.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations.

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 CENTRAL & SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 3 CONTRIBUTIONS RECEIVABLE

The following is a summary of the Foundation’s contributions receivable at August 31:

	2015	2014
Total Amounts Due in:		
One Year	\$ 170,997	\$ 223,148
Gross Contributions Receivable	170,997	223,148
Less Allowance for Doubtful Accounts	-	(6,001)
Contributions Receivable, Net	\$ 170,997	\$ 217,147

Contributions receivable at August 31, 2015 and 2014 include 91% and 72%, respectively, from one donor.

NOTE 4 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2015 and 2014, respectively, the Foundation received \$756,627 and \$688,755, 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 \$168,893 and \$101,194 were paid from the Foundation to the National Organization during the years ended August 31, 2015 and 2014, respectively.

As part of the National Organization’s Wish Fulfillment Fund, Chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation received \$10,000 and \$15,026 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 \$10,950 and \$9,450 for the years ended August 31, 2015 and 2014, respectively, which is recorded in the accompanying statements of activities as other income.

These amounts are recorded in the Statement of Activities as public support revenue.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 4 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	\$ 66,878	\$ 157,402
Due from Other Chapters	7,017	7,153
Total Due from Related Entities	<u>\$ 73,895</u>	<u>\$ 164,555</u>
Due to National Organization	\$ 3,595	\$ 3,500
Due to Other Chapters	32,746	-
Total Due to Related Entities	<u>\$ 36,341</u>	<u>\$ 3,500</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 \$26,043 and \$56,433, respectively. In 2015 and 2014, amounts due from board members totaled \$-0- and \$75, respectively, and are included in contributions receivable in the accompanying statements of financial position.

NOTE 5 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	\$ 63,277	\$ 44,245
Office Furniture	56,533	31,452
Leasehold Improvements	26,172	26,172
	<u>145,982</u>	<u>101,869</u>
Less Accumulated Depreciation and Amortization	(87,029)	(69,269)
Property and Equipment, Net	<u>\$ 58,953</u>	<u>\$ 32,600</u>

Depreciation and amortization expense totaled \$17,761 and \$6,778 for the years ended August 31, 2015 and 2014, respectively.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 6 ACCRUED PENDING WISH COSTS

The Foundation accrues the 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 177 and 146 reportable pending wishes, respectively.

NOTE 7 LEASES

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through November 2019. As of August 31, 2015 and 2014, the cost of leased property and equipment under capital leases was \$18,741 and \$-0-, respectively, and accumulated depreciation was \$2,811 and \$-0-, respectively. Total rent expense for all operating leases for the years ended August 31, 2015 and 2014 totaled \$79,375 and \$73,519, respectively.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 7 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	\$ 74,315	\$ 4,560
2017	-	4,560
2018	-	4,560
2019	-	4,560
2020 and Following	-	1,140
Total Minimum Lease Payments	<u>74,315</u>	<u>19,380</u>
Less Amounts Representing Interest	-	(2,997)
Present Value of Net Minimum Lease Payments	<u>\$ 74,315</u>	<u>\$ 16,383</u>

NOTE 8 TEMPORARILY 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	\$ 15,313	\$ -
Purpose Restrictions	211,803	157,228
Total Temporarily Restricted Net Assets	<u>\$ 227,116</u>	<u>\$ 157,228</u>

NOTE 9 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan upon date of hire. 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 \$23,148 and \$9,014, respectively.

MAKE-A-WISH FOUNDATION® OF CENTRAL & SOUTH TEXAS
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NOTE 10 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.

In-kind contributions totaling \$554,524 and \$475,777 were received from a single donor for the years ended August 31, 2015 and 2014, respectively, which represents 16% and 14%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 11 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through February 1, 2016, the date at which the financial statements were available to be issued.