MAKE-A-WISH FOUNDATION® OF MONTANA, INC.

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

MAKE-A-WISH FOUNDATION® OF MONTANA, INC.
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YEAR ENDED AUGUST 31, 2016

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Montana, Inc.
Missoula, Montana

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Montana, Inc. which comprise the statement of financial position as of August 31, 2016, and the related statements of activities, cash flows, and functional expenses for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 controls 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 controls. 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 Montana, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of Montana, Inc. as of August 31, 2016, and change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
March 2, 2017

MAKE-A-WISH FOUNDATION® OF MONTANA, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2016

ASSETS

Cash and Cash Equivalents	$	191,784
Due from Related Entities		5,115
Prepaid Expenses		4,955
Contributions Receivable, Net		20,984
Property and Equipment, Net		18,269
Total Assets	$	241,107

LIABILITIES AND NET ASSETS (DEFICIT)

Accounts Payable and Accrued Expenses	$	47,784
Accrued Pending Wish Costs - Cash		168,732
Accrued Pending Wish Costs - In-kinds		111,429
Due to Related Entities		14,100
Capital Lease Obligations		8,040
Total Liabilities		350,085
Net Assets (Deficit)		
Unrestricted		(134,342)
Temporarily Restricted		25,364
Total Net Assets (Deficit)		(108,978)
Total Liabilities and Net Assets	$	241,107

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MONTANA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	$ 415,361	$ 20,984	$ 436,345
Grants	114,042	4,380	118,422
Total Public Support	529,403	25,364	554,767
Internal Special Events	11,575	-	11,575
Less Costs of Direct Benefits to Donors	(948)	-	(948)
Total Special Events	10,627	-	10,627
Other Income	1,399	-	1,399
Net Assets Released from Restrictions	24,331	(24,331)	-
Total Revenues, Gains, and Other Support	565,760	1,033	566,793
EXPENSES			
Program Services:			
Wish Granting	709,324	-	709,324
Total Program Services	709,324	-	709,324
Support Services:			
Fundraising	66,062	-	66,062
Management and General	86,480	-	86,480
Total Support Services	152,542	-	152,542
Total Program and Support Services Expense	861,866	-	861,866
Change in Net Assets	(296,106)	1,033	(295,073)
Net Assets - Beginning of Year	-	-	-
Transfer of Net Assets from MAW Greater PA and WV	161,764	24,331	186,095
NET ASSETS (DEFICIT) - END OF YEAR	$ (134,342)	$ 25,364	$ (108,978)

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MONTANA, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED AUGUST 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$	(295,073)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization		3,068
Contributed Property and Equipment		(5,175)
Excess Assets over Liabilities Transferred In		18,424
Changes in Assets and Liabilities:		
Contributions Receivable		(20,984)
Due from Related Entities		(5,115)
Prepaid Expenses		(4,955)
Accounts Payable and Accrued Expenses		47,784
Accrued Pending Wish Costs		280,161
Due to Related Entities		14,100
Net Cash Provided by Operating Activities		32,235
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchases of Property and Equipment		(7,778)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations		(344)
Net Increase in Cash and Cash Equivalents before Transfers		24,113
Cash Transferred from MAW Greater PA and WV		167,671
Net Increase in Cash and Cash Equivalents		191,784
Cash and Cash Equivalents - Beginning of Year		-
CASH AND CASH EQUIVALENTS - END OF YEAR	$	191,784
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest Paid	$	165
Donated Property and Equipment	$	5,175
Equipment Purchased Through a Capital Lease	$	8,384

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services			
	Wish Granting	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	$ 589,947	$ -	$ -	$ -	$ 589,947
Salaries, Taxes, and Benefits	89,162	50,201	62,088	112,289	201,451
Printing, Subscriptions, and Publications	286	518	658	1,176	1,462
Professional Fees	10,310	4,906	6,960	11,866	22,176
Rent and Utilities	4,909	2,701	3,370	6,071	10,980
Postage and Delivery	1,304	328	667	995	2,299
Travel	4,484	2,379	6,673	9,052	13,536
Meetings and Conferences	716	984	1,000	1,984	2,700
Office Supplies	3,027	1,157	1,045	2,202	5,229
Communications	2,143	991	1,380	2,371	4,514
Repairs and Maintenance	880	491	608	1,099	1,979
Membership Dues	123	46	62	108	231
Miscellaneous	867	409	1,018	1,427	2,294
Depreciation and Amortization	1,166	951	951	1,902	3,068
	$ 709,324	$ 66,062	$ 86,480	$ 152,542	$ 861,866

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Montana, Inc. (the Foundation) is a Montana not-for-profit corporation, organized for the purpose of granting wishes to children with life-threatening medical conditions. The Foundation is an independently operating chapter of Make-A-Wish Foundation® of America (National Organization), which operates to develop and implement national programs in public relations and fund raising for the benefit of all local chapters. To be a Make-A-Wish chapter, 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.

The Make-A-Wish Foundation of Greater Pennsylvania and West Virginia, Inc. ("Greater PA"), entered into an agreement with the Make-A-Wish Foundation of America, effective September 1, 2010, to assume responsibility for the Make-A-Wish Foundation's mission in the Montana territory on a temporary basis. The agreement ran through August 31, 2015. Effective September 1, 2015, the Montana territory, as approved by the National Organization's Chapter Performance Committee, became a standalone chapter. As such, on that date, Greater PA was relieved of the responsibility of fulfilling the Make-A-Wish mission within the state of Montana. In conjunction with the Montana Chapter's standalone status, the Greater PA transferred assets and liabilities to the Montana Chapter with fair values of $314,755 and $128,660, respectively, on September 1, 2015.

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.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost of $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 6 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

Net Assets

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

- **Permanently restricted net assets** – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for unrestricted purposes. The Foundation does not have any permanently restricted net assets as of August 31, 2016.
- **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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 statement 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.

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

		Support Services		
	Programs	Fundraising	Management and General	2016 Total
Program and Support Service Expenses				
Wish Related	$ 167,896	$ -	$ -	$ 167,896
Other	-	-	61	61
Total Program and Support Service Expenses	$ 167,896	$ -	$ 61	167,957
Property and Equipment (Capitalized Asset)				5,175
Total				$ 173,132

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

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

Income Taxes

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

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

Functional Expenses

The Foundation performs three functions: wish granting, program-related support, training and development, public information, 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.

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 year ended August 31, 2016, the Foundation incurred no joint costs.

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, allocation of functional expenses 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.

NOTE 3 CONTRIBUTIONS RECEIVABLE

All contributions receivable are due within the next twelve months and were received from one donor. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts was considered necessary at August 31, 2016.

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 year ended August 31, 2016, the Foundation received $175,167 from these national revenue streams.

As part of the National Organization's Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation received $50,000 under this program during the year ended August 31, 2016.

Conversely, the chapter pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation of America pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling $105,187 were paid from the Foundation to the National Organization during the year ended August 31, 2016.

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 $1,200 for the year ended August 31, 2016, which is recorded in the accompanying statement of activities as other income.

Amounts due from and to related entities are as follows:

Balance at August 31, 2016:		
Due from National Organization	$	5,115
Due from Other Chapters		-
Total Due from Related Entities	$	5,115
Due to National Organization	$	-
Due to Other Chapters		14,100
Total Due to Related Entities	$	14,100

Amounts due from the National Organization represent contributions remitted to the National Organization that are identified for the Foundation's use but were not yet transferred to the Foundation as of year-end. Amounts due from other chapters represent amounts paid in assisting other chapters with their wish granting. Amounts due to other chapters represent amounts owed to other chapters who have assisted in the granting of wishes for the Foundation.

During 2016, the Foundation received contributions, both cash and in-kind, from board members totaling $6,550.

NOTE 5 PROPERTY AND EQUIPMENT, NET

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

Computer Equipment and Software	$ 16,437
Office Furniture	8,384
	24,821
Less Accumulated Depreciation and Amortization	(6,552)
Property and Equipment, Net	$ 18,269

Depreciation and amortization expense totaled $3,068 for the year ended August 31, 2016.

NOTE 6 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 owed as of year-end for all reportable pending wishes are accrued as pending wish liability. The in-kind portion of the pending wish liability includes the estimated in-kind outlay that is expected to be incurred in fulfilling each wish even though the matching in-kind revenues are not recognized until the in-kind goods or services, or an unconditional promise for those in-kind goods or services, are received. Although not fully guaranteed, if all the related expected in-kind revenue were recognized in the same fiscal period as the expected in-kind expense, total net deficit at August 31, 2016 would be reduced to $(18,533).

The Foundation, as part of its estimate of accrued pending wish costs, also considers attrition on pending wish costs. An attrition rate is calculated by the Foundation by analyzing the trend of wishes that have been accrued for using the five criteria discussed above that have not been able to be completed within the past twelve months due to factors outside of the control of the chapter, such as the death of a child, the move of the family out of the chapter’s territory, or loss of contact with the family. As of August 31, 2016, the Foundation had approximately 26 reportable pending wishes.

NOTE 7 LEASES

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through May 31, 2021. As of August 31, 2016, the cost of leased property and equipment under capital leases was $8,384 and accumulated depreciation was $419. Total rent expense for all operating leases for the year ended August 31, 2016 totaled $10,980.

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

	Operating Leases	Capital Leases
Year Ending August 31:		
2017	$ 4,980	$ 2,040
2018	1,245	2,040
2019	-	2,040
2020	-	2,040
2021	-	1,530
Total Minimum Lease Payments	$ 6,225	9,690
Less Amounts Representing Interest		(1,650)
Present Value of Net Minimum Lease Payments		$ 8,040

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes for the year ended August 31, 2016:

Time Restrictions	$ -
Purpose Restrictions	25,364
Total Temporarily Restricted Net Assets	$ 25,364

NOTE 9 RETIREMENT PLAN

The Foundation has a Simple IRA retirement plan (the Plan). All employees are eligible for participation in the Plan. Under the provisions of the Plan, 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 were $2,754 for the year ended August 31, 2016.

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 $43,620 were received from a single donor for the year ended August 31, 2016, which represents 8% 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 March 2, 2017, the date at which the financial statements were available to be issued.