

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

**MAKE-A-WISH FOUNDATION® OF GUAM
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Make-A-Wish Foundation® of Guam

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Guam (the Foundation), which comprise the statements of financial position as of August 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 audit 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 auditor's 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.

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 Guam as of August 31, 2016 and 2015, and the 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.

Tamuning, Guam
March 14, 2018

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

	2017	2016
ASSETS		
Cash and Cash Equivalents	\$ 61,880	\$ 86,808
Investments	357,108	331,648
Due from Related Entities	339	485
Prepaid Expenses	3,791	5,903
Contributions Receivable, Net	20,428	18,377
Other Assets	738	738
Property and Equipment, Net	601	2,595
Total Assets	\$ 444,885	\$ 446,554
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 9,864	\$ 35,158
Accrued Pending Wish Costs, Cash	7,863	19,512
Accrued Pending Wish Costs, In-Kinds	8,854	9,958
Due to Related Entities	3,047	2,274
Capital Lease Obligations	251	1,692
Total Liabilities	29,879	68,594
Net Assets		
Unrestricted	404,578	370,405
Temporarily Restricted	10,428	7,555
Total Net Assets	415,006	377,960
Total Liabilities and Net Assets	\$ 444,885	\$ 446,554

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF GUAM
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2017
(With Summarized Totals For Year Ended August 31, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 184,577	\$ 13,237	\$ 197,814	\$ 166,466
Grants	4,500	500	5,000	-
Total Public Support	<u>189,077</u>	<u>13,737</u>	<u>202,814</u>	<u>166,466</u>
Internal Special Events	113,250	-	113,250	84,360
Less Costs of Direct Benefits to Donors	<u>(35,799)</u>	<u>-</u>	<u>(35,799)</u>	<u>(35,905)</u>
Total Special Events	<u>77,451</u>	<u>-</u>	<u>77,451</u>	<u>48,455</u>
Investment Income, Net	25,328	-	25,328	16,285
Net Assets Released from Restrictions	<u>10,864</u>	<u>(10,864)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>302,720</u>	<u>2,873</u>	<u>305,593</u>	<u>231,206</u>
EXPENSES				
Program Services:				
Wish Granting	<u>197,469</u>	<u>-</u>	<u>197,469</u>	<u>221,713</u>
Total Program Services	<u>197,469</u>	<u>-</u>	<u>197,469</u>	<u>221,713</u>
Support Services:				
Fundraising	28,390	-	28,390	25,995
Management and General	<u>42,688</u>	<u>-</u>	<u>42,688</u>	<u>45,917</u>
Total Support Services	<u>71,078</u>	<u>-</u>	<u>71,078</u>	<u>71,912</u>
Total Program and Support Services Expense	<u>268,547</u>	<u>-</u>	<u>268,547</u>	<u>293,625</u>
Change in Net Assets	34,173	2,873	37,046	(62,419)
NET ASSETS, BEGINNING OF YEAR	<u>370,405</u>	<u>7,555</u>	<u>377,960</u>	<u>440,379</u>
NET ASSETS, END OF YEAR	<u>\$ 404,578</u>	<u>\$ 10,428</u>	<u>\$ 415,006</u>	<u>\$ 377,960</u>

See accompanying Notes to Financial Statements.

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 166,466	\$ -	\$ 166,466
Total Public Support	<u>166,466</u>	<u>-</u>	<u>166,466</u>
Internal Special Events	84,360	-	84,360
Less: Costs of Direct Benefits to Donors	<u>(35,905)</u>	<u>-</u>	<u>(35,905)</u>
Total Special Events	48,455	-	48,455
Investment Income, Net	16,285	-	16,285
Net Assets Released from Restrictions	<u>14,136</u>	<u>(14,136)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>245,342</u>	<u>(14,136)</u>	<u>231,206</u>
EXPENSES			
Program Services:			
Wish Granting	221,713	-	221,713
Total Program Services	<u>221,713</u>	<u>-</u>	<u>221,713</u>
Support Services:			
Fundraising	25,995	-	25,995
Management and General	<u>45,917</u>	<u>-</u>	<u>45,917</u>
Total Support Services	<u>71,912</u>	<u>-</u>	<u>71,912</u>
Total Program and Support Services Expense	<u>293,625</u>	<u>-</u>	<u>293,625</u>
Change in Net Assets	(48,283)	(14,136)	(62,419)
NET ASSETS, BEGINNING OF YEAR	<u>418,688</u>	<u>21,691</u>	<u>440,379</u>
NET ASSETS, END OF YEAR	<u>\$ 370,405</u>	<u>\$ 7,555</u>	<u>\$ 377,960</u>

See accompanying Notes to Financial Statements.

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

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 37,046	\$ (62,419)
Adjustments to reconcile Change in Net Assets to Net Cash		
Used in Operating Activities:		
Depreciation and Amortization	1,994	1,992
Bad Debt	2,000	-
Net Realized and Unrealized (Gains) Losses on Investments, Net	(9,613)	2,312
Contribution of In-kind Rent	(13,237)	-
Change in Contribution of In-kind Rent Receivable	10,864	-
Change in Discount to Present Value of Contributions Receivable	(190)	(787)
Changes in Assets and Liabilities:		
Contributions Receivable	(1,488)	19,696
Due from Related Entities	146	12,494
Prepaid Expenses	2,112	(5,207)
Accounts Payable and Accrued Expenses	(25,294)	4,336
Accrued Pending Wish Costs	(12,753)	955
Due to Related Entities	773	950
Net Cash Used in Operating Activities	(7,640)	(25,678)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(16,597)	(19,615)
Proceeds from Sales of Investments	750	750
Net Cash Used in Investing Activities	(15,847)	(18,865)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(1,441)	(1,330)
Net Cash Used in Financing Activities	(1,441)	(1,330)
 Net Decrease in Cash and Cash Equivalents	(24,928)	(45,873)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	86,808	132,681
 CASH AND CASH EQUVALENTS, END OF YEAR	\$ 61,880	\$ 86,808
 SUPPLEMENTAL CASH FLOW INFORMATION		
Contribution of In-kind Rent	\$ 13,237	\$ -

See accompanying Notes to Financial Statements.

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

	Program Services	Support Services			Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 49,954	\$ -	\$ -	\$ -	\$ 49,954
Salaries, Taxes, and Benefits	75,592	12,228	23,345	35,573	111,165
Professional Fees	14,666	2,360	4,505	6,865	21,531
Rent and Utilities	13,685	2,214	4,227	6,441	20,126
Postage and Delivery	21	3	7	10	31
Travel	5,069	1,616	1,566	3,182	8,251
Meetings and Conferences	8,341	3,929	2,435	6,364	14,705
Office Supplies	3,982	875	1,349	2,224	6,206
Communications	2,498	404	772	1,176	3,674
Repairs and Maintenance	3,778	611	1,167	1,778	5,556
Insurance	204	33	63	96	300
Bad Debts	-	2,000	-	2,000	2,000
Membership Dues	285	46	88	134	419
Program Service Grant	5,000	-	-	-	5,000
National Partnership Dues	8,267	1,081	1,116	2,197	10,464
Miscellaneous	4,772	771	1,628	2,399	7,171
Depreciation and Amortization	1,355	219	420	639	1,994
Special Event Expenses	-	35,799	-	35,799	35,799
Investment Fees	-	-	930	930	930
	<u>197,469</u>	<u>64,189</u>	<u>43,618</u>	<u>107,807</u>	<u>305,276</u>
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(35,799)	-	(35,799)	(35,799)
Investment Fees	-	-	(930)	(930)	(930)
	<u>-</u>	<u>-</u>	<u>(930)</u>	<u>(930)</u>	<u>(930)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 197,469</u>	<u>\$ 28,390</u>	<u>\$ 42,688</u>	<u>\$ 71,078</u>	<u>\$ 268,547</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF GUAM
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2016**

	Program	Support Services			Total
	Services				
	Wish	Fundraising	Management	Total	
	Granting		and General	Support	
				Services	Total
Direct Costs of Wishes	\$ 90,871	\$ -	\$ -	\$ -	\$ 90,871
Salaries, Taxes, and Benefits	80,185	12,971	24,763	37,734	117,919
Printing, Subscriptions, and Publications	21	3	7	10	31
Professional Fees	8,885	1,437	2,744	4,181	13,066
Rent and Utilities	13,279	2,148	4,101	6,249	19,528
Postage and Delivery	28	4	9	13	41
Travel	9,280	2,844	5,684	8,528	17,808
Meetings and Conferences	4,252	4,177	4,936	9,113	13,365
Office Supplies	2,214	144	551	695	2,909
Communications	3,067	496	947	1,443	4,510
Repairs and Maintenance	612	99	189	288	900
Insurance	204	33	63	96	300
Membership Dues	378	61	117	178	556
National Partnership Dues	5,707	884	985	1,869	7,576
Miscellaneous	1,375	475	403	878	2,253
Depreciation and Amortization	1,355	219	418	637	1,992
Special Event Expenses	-	35,905	-	35,905	35,905
Investment Fees	-	-	1,080	1,080	1,080
	<u>221,713</u>	<u>61,900</u>	<u>46,997</u>	<u>108,897</u>	<u>330,610</u>
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(35,905)	-	(35,905)	(35,905)
Investment Fees	-	-	(1,080)	(1,080)	(1,080)
	<u>-</u>	<u>-</u>	<u>(1,080)</u>	<u>(1,080)</u>	<u>(1,080)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 221,713</u>	<u>\$ 25,995</u>	<u>\$ 45,917</u>	<u>\$ 71,912</u>	<u>\$ 293,625</u>

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Guam (the Foundation) is a Guam not-for-profit corporation, organized for the purpose of granting wishes to children with life-threatening medical conditions. The Foundation is an independently operating chapter of Make-A-Wish Foundation of America (National Organization), which operates to develop and implement national programs in public relations and fundraising for the benefit of all local chapters. In addition, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) applicable to not-for-profit entities.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents at August 31, 2017 and 2016 is \$863 and \$21,043, respectively, of money market mutual funds.

Investments

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

Contributions Receivable

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost 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 lives of the assets or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

Fair Value Measurements

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

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

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets (or liabilities) that the reporting entity has the ability to access at the measurement date.
- Level 2 Inputs: Prices for a similar asset (or liability), other than quoted prices included in Level 1 inputs, that are observable for the asset (or liability), either directly or indirectly. If the asset (or liability) has a specified term, a Level 2 input must be observable for substantially the full term of the asset (or liability).
- Level 3 Inputs: Unobservable inputs for the asset (or liability) used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset (or liability) at measurement date.

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

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. The Foundation does not have any permanently restricted net assets at August 31, 2017 and 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.

Revenue Recognition

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discounts is recorded as additional contributions revenue. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

August 31, 2017				
	Programs	Fundraising	Management and General	Total
Program and Support Service Expenses				
Wish Related	\$ 23,035	\$ -	\$ -	\$ 23,035
Professional Services	3,672	594	1,134	5,400
Other	2,010	-	-	2,010
	<u>\$ 28,717</u>	<u>\$ 594</u>	<u>\$ 1,134</u>	<u>30,445</u>
In-kind Rent Receivable				<u>13,237</u>
				<u>43,682</u>
August 31, 2016				
	Programs	Fundraising	Management and General	Total
Program and Support Service Expenses				
Wish Related	\$ 21,420	\$ -	\$ -	\$ 21,420
Other	1,350	-	-	1,350
	<u>\$ 22,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,770</u>

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a Guam not-for-profit organization exempt from Guam gross receipts taxes under section 26203(c) of the Business Privilege Tax Law and Guam Income Tax under Section 501(c)(3) of the Guam Territorial Income Tax Law. The Foundation intends on filing Form 1023, Application for Recognition of Exemption under Section(c)(3) and, if approved, will not be subject to federal income taxation. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2017 and 2016. The Foundation files income tax returns in the U.S. federal jurisdiction.

Functional Expenses

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

Wish Granting

Activities performed by the Foundation in granting wishes to children with life-threatening medical conditions.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2017 and 2016, the Foundation incurred no significant joint costs for activities that included fundraising appeals.

Management and General

All costs not identifiable with a specific programs or fundraising, 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, in-kinds, and contributions receivable, accrued pending wish costs, net of attrition on pending wish costs, functional expenses allocations 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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets or changes in net assets for 2017.

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

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

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments

Overall Investment Objective

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

Allocation of Investment Strategies

At August 31, 2017 and 2016, the Foundation held a portfolio of investments in money market accounts, traditional stocks and fixed income securities. In addition, the Foundation may also hold shares or units in traditional institutional funds.

Fair Value Hierarchy

The following table presents the placement in the fair value hierarchy of assets that are measured at fair value on a recurring basis at August 31, 2017:

	Quote Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 127,585	\$ -	\$ -	\$ 127,585
Asset Allocation	62,552	-	-	62,552
Bonds	96,091	-	-	96,091
Certificates of Deposit	20,153	-	-	20,153
Debt Securities:				
U.S. Treasury	50,727	-	-	50,727
Total	<u>\$ 357,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 357,108</u>

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

The following table presents the placement in the fair value hierarchy of assets that are measured at fair value on a recurring basis at August 31, 2016:

	Quote Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 118,036	\$ -	\$ -	\$ 118,036
Asset Allocation	49,474	-	-	49,474
Bonds	92,538	-	-	92,538
Certificates of Deposit	20,153	-	-	20,153
Debt Securities:				
U.S. Treasury	51,447	-	-	51,447
Total	<u>\$ 331,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331,648</u>

Total investment income, gains, and losses for the years ended August 31, 2017 and 2016 consist of the following:

	2017	2016
Interest and Dividend Income	\$ 16,645	\$ 19,677
Realized and Unrealized Gains (Losses), Net	9,613	(2,312)
Less: Investment Expenses	(930)	(1,080)
Investment Income, Net	<u>\$ 25,328</u>	<u>\$ 16,285</u>

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NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates of 0% and 4.6% at August 31, 2017 and 2016, respectively. The following is a summary of the Foundation's contributions receivable at August 31:

	2017	2016
Total Amounts Due in:		
One Year	\$ 20,428	\$ 18,567
Two to Five Years	-	-
Gross Contributions Receivable	20,428	18,567
Less: Discount to Present Value	-	(190)
Contributions Receivable, Net	\$ 20,428	\$ 18,377

The Foundation received an unconditional promise to give on May 15, 2017 for in-kind rent with an estimated fair market value of \$13,237. The unconditional promise to give was for a period of one year, therefore, there was no present value recorded at August 31, 2017.

At August 31, 2017 and 2016, 100% and 91% of contributions receivable, respectively, represents amounts that are due from three and four donors, respectively.

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, 2017 and 2016, respectively, the Foundation received \$48,752 and \$40,462, respectively, 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 neither received nor contributed any funds to this program during the years ended August 31, 2017 and 2016.

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NOTE 5 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Conversely, the Foundation 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 \$29,465 and \$19,576 were paid from the Foundation to the National Organization during the years ended August 31, 2017 and 2016, respectively.

Chapters who assist with the organization and granting of wishes from other chapters are paid a “fee for service” called the wish assist fee. Under this program, the originating chapter agrees to pay a fee to the chapter of the wish destination to assist with any planning, booking, and facilitating of the wish for the home chapter. Under this program, the Foundation received \$-0- for the years ended August 31, 2017 and 2016, respectively.

Amounts due from and to related entities are as follows:

	2017	2016
Balance at August 31:		
Due from National Organization	\$ 339	\$ 485
Total Due from Related Entities	\$ 339	\$ 485
Due to National Organization	\$ -	\$ 2,000
Due to Other Chapters	3,047	274
Total Due to Related Entities	\$ 3,047	\$ 2,274

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. Amounts due to the National Organization generally represents unpaid chapter dues and services.

During 2017 and 2016, the Foundation received contributions, both cash and in-kind, from board members totaling \$2,482 and \$2,220, respectively.

NOTE 6 PROPERTY AND EQUIPMENT, NET

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

	2017	2016
Office Equipment	\$ 7,187	\$ 7,187
Less Accumulated Depreciation and Amortization	(6,586)	(4,592)
	\$ 601	\$ 2,595

Depreciation and amortization expense totaled \$1,994 and \$1,992 for the years ended August 31, 2017 and 2016, respectively.

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NOTE 7 ACCRUED PENDING WISH COSTS

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

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

Estimated cash and in-kind costs are accrued as pending wish liability at year-end for all reportable pending wishes. The in-kind portion of the pending wish liability includes the estimated in-kind expenses that are expected to be incurred in fulfilling each wish even though the matching in-kind revenues are not recognized until the in-kind goods or services, or an unconditional promise for those in-kind goods or services, are received. Although not fully guaranteed, if the related expected in-kind revenue were recognized in the same fiscal period as the expected in-kind expense, total net assets at August 31, 2017 would increase by \$8,854 resulting in adjusted net assets of \$423,860.

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

NOTE 8 LEASES

The Foundation is obligated under one capital and one operating lease for offices and equipment, which expire at various dates through May 2018. As of August 31, 2017 and 2016, the cost of leased property and equipment under capital leases was \$4,053 for both years and accumulated depreciation was \$3,827 and \$2,477, respectively. Total rent expense for all operating leases for the years ended August 31, 2017 and 2016 totaled \$20,126 and \$19,528, respectively, of which \$13,046 and \$12,448, respectively is considered in-kind rent.

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NOTE 8 LEASES (CONTINUED)

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

<u>Year Ending August 31:</u>	<u>Capital Leases</u>
2018	\$ 254
Total Minimum Lease Payments	254
Less Amounts Representing Interest	(3)
Present Value of Net Minimum Lease Payments	<u>\$ 251</u>

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Purpose Restrictions	\$ 500	\$ -
Time Restrictions	\$ 9,928	\$ 7,555
	<u>\$ 10,428</u>	<u>\$ 7,555</u>

NOTE 10 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of six months 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 5% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2017 and 2016 were \$3,498 and \$4,737, respectively.

NOTE 11 CONCENTRATIONS OF CREDIT RISK

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

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NOTE 12 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through March 14, 2018, the date at which the financial statements were available to be issued.