MAKE-A-WISH FOUNDATION® OF MICHIGAN

Financial Statements

August 31, 2014

(With Independent Auditors' Report Thereon)

MAKE-A-WISH FOUNDATION® OF MICHIGAN

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CliftonLarsonAllen

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Michigan
Brighton, Michigan

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Michigan (the "Foundation"), which comprise the statement of financial position as of August 31, 2014 and the related statements of activities, functional expenses, and cash flows 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 control 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of August 31, 2014, and the changes 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

Oak Brook, Illinois
March 30, 2015

MAKE-A-WISH FOUNDATION® OF MICHIGAN

Statement of Financial Position

August 31, 2014

Assets		**2014**
Cash and cash equivalents	$	1,093,045
Investments		2,910,446
Due from related entities		112,616
Prepaid expenses		3,939
Contributions receivable, net		199,795
Other assets		50,795
Investments held for long-term purposes		104,224
Property and equipment, net		55,485
Total assets	$	4,530,345
Liabilities and Net Assets		
Accounts payable and accrued expenses	$	696,559
Accrued pending wish costs		1,993,640
Due to related entities		27,938
Total liabilities		2,718,137
Net assets		
Unrestricted		1,529,634
Temporarily restricted		178,350
Permanently restricted		104,224
Total net assets		1,812,208
Total liabilities and net assets	$	4,530,345

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF MICHIGAN

Statement of Activities

Year ended August 31, 2014

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, and other support:				
Public support:				
Contributions	$ 3,518,402	178,350	—	3,696,752
Grants	286,488	—	—	286,488
Total public support	3,804,890	178,350	—	3,983,240
Internal special events	3,311,053	—	—	3,311,053
Less costs of direct benefits to donors	(803,182)	—	—	(803,182)
Total special events	2,507,871	—	—	2,507,871
Investment income, net	440,864	15,353	—	456,217
Other income	2,721	—	—	2,721
Net assets released from restrictions	194,568	(194,568)	—	—
Total revenues, gains, and other support	6,950,914	(865)	—	6,950,049
Expenses:				
Program services:				
Wish granting and program related support	5,659,572	—	—	5,659,572
Support services:				
Fund raising	866,930	—	—	866,930
Management and general	439,880	—	—	439,880
Total support services	1,306,810	—	—	1,306,810
Total expenses	6,966,382	—	—	6,966,382
Change in net assets	(15,468)	(865)	—	(16,333)
Net assets, beginning of the year	1,545,102	179,215	104,224	1,828,541
Net assets, end of the year	$ 1,529,634	178,350	104,224	1,812,208

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF MICHIGAN

Statement of Cash Flows

Year ended August 31, 2014

		2014
Cash flows from operating activities:		
Change in net assets	$	(16,333)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		18,956
Bad debt expense		4,025
Net realized and unrealized gains on investments		(332,358)
Loss on sale of property and equipment		5,524
Contributed property and equipment, inventory, and stock		(43,525)
Changes in assets and liabilities:		
Contributions receivable		(4,876)
Due from related entities		(53,755)
Prepaid expenses		11,508
Other assets		(12,714)
Accounts payable and accrued expenses		173,699
Accrued pending wish costs		300,273
Due to related entities		(17,346)
Net cash provided by operating activities		33,078
Cash flows from investing activities:		
Purchases of investments		(112,516)
Proceeds from sales of investments		94,039
Purchases of property and equipment		(30,981)
Proceeds from sale of property and equipment		987
Net cash used in investing activities		(48,471)
Cash flows from financing activities:		
Principal payments on notes payable		(1,917)
Net decrease in cash and cash equivalents		(17,310)
Cash and cash equivalents, beginning of year		1,110,355
Cash and cash equivalents, end of year	$	1,093,045
Supplemental cash flow information:		
Donated stock, property, and equipment	$	43,525

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF MICHIGAN

Statement of Functional Expenses

Year ended August 31, 2014

	Program services	Support services			
	Wish granting and program related support	Fund raising	Management and general	Total support services	Total
Direct costs of wishes	$ 3,910,133	—	—	—	3,910,133
Salaries, taxes, and benefits	1,172,208	525,472	323,367	848,839	2,021,047
Printing, subscriptions, and publications	23,489	61,121	7,026	68,147	91,636
Professional fees	48,909	29,132	13,517	42,649	91,558
Rent and utilities	84,731	39,335	23,452	62,787	147,518
Postage and delivery	21,633	17,457	5,960	23,417	45,050
Travel	27,713	41,109	4,857	45,966	73,679
Meetings and conferences	49,576	30,781	3,297	34,078	83,654
Office supplies	19,974	8,991	4,719	13,710	33,684
Communications	17,209	7,658	4,683	12,341	29,550
Advertising and media (cash)	7,100	8,644	—	8,644	15,744
Advertising and media (in-kind)	18,460	24,045	—	24,045	42,505
Repairs and maintenance	52,264	24,401	13,884	38,285	90,549
Insurance	187	84	52	136	323
Membership dues	1,639	985	452	1,437	3,076
National partnership dues	161,059	22,713	22,713	45,426	206,485
Miscellaneous	32,293	20,074	8,868	28,942	61,235
Depreciation and amortization	10,995	4,928	3,033	7,961	18,956
	$ 5,659,572	866,930	439,880	1,306,810	6,966,382

See accompanying notes to financial statements.

(1) Organization

Make-A-Wish Foundation® of MICHIGAN (the Foundation) is a Michigan 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. 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.

(2) Summary of Significant Accounting Policies

(a) 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).

(b) 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, 2014 is $46,827 of money market funds.

(c) 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.

(d) 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. Contributions are written off when deemed uncollectible.

(e) 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 over time in an amount equivalent to annual depreciation. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally three to seven 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.

(f) 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 that the reporting entity has the ability to access at the measurement date.
- Level 2 Inputs: Prices for a similar asset, other than quoted prices included in Level 1 inputs, that are observable for the asset, either directly or indirectly. If the asset has a specified term, a Level 2 input must be observable for substantially the full term of the asset.
- Level 3 Inputs: Unobservable inputs for the asset 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 at measurement date.

See additional information in note 3.

(g) Net Assets

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

- **Permanently restricted net assets** – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for unrestricted purposes.
- **Temporarily restricted net assets** – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.
- **Unrestricted net assets** – Net assets that are not subject to donor-imposed restrictions or law.

(h) 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.

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

Contributions:		
Wish related	$	1,462,190
Advertising and media		42,505
Investments		42,495
Property and equipment		1,030
Other		10,740
Total	$	1,558,960
Special event revenue:		
Internal special events	$	233,208

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.

Program or supporting services expenses were recorded at fair value totaling $1,445,341 in 2014, with the difference recorded as other assets received and not yet used.

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. Advertising and media are reported as contribution revenue when received and fund raising or public information expense when received

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

(i) Income Taxes

The Foundation is a not-for-profit organization exempt from federal income and Michigan taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 208.1207 of the Statement of Michigan. 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, 2014. The Foundation is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2010.

(j) Functional Expenses

The Foundation performs four functions: wish granting, program-related support, fund raising, and management and general. Definitions of these functions are as follows:

Wish Granting

Activities performed by the Foundation that grant wishes to children with life-threatening medical conditions.

Program-Related Support

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

Fund Raising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal year ended August 31, 2014, the Foundation incurred no significant joint costs for activities that included fund raising appeals.

Management and General

All costs not identifiable with a single program or fund raising 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.

(k) 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 has increased the degree of uncertainty inherent in those estimates and assumptions.

(3) Fair Value Measurements

(a) 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, 2014 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

(b) Fair Value Hierarchy

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at August 31, 2014:

Description	August 31, 2014	Fair value measurements at August 31, 2014 using: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments				
Mutual funds:				
Domestic equity	$ 1,711,711	1,711,711	—	—
International equity	533,852	533,852	—	—
Exchange-traded funds:				
Bonds	636,890	636,890	—	—
Certificates of deposit	106,121	—	106,121	—
Debt securities				
U.S. Treasury	26,096	—	26,096	—
Total investments	$ 3,014,670	2,882,453	132,217	—

For the valuation of U.S. Treasury, U.S. Agency, and certificate of deposit securities at August 31, 2014, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

Total investment income, gains, and losses for the year ended August 31, 2014 consist of the following:

Interest and dividend income	$ 123,859
Realized and unrealized gains, net	332,358
Investment income, net	$ 456,217

(4) Contributions Receivable

The following is a summary of the Foundation's contributions receivable at August 31, 2014:

Total amounts due in:	
One year	$ 199,795
Contributions receivable, net	$ 199,795

(5) Transactions with Related Entities

The National Organization conducts national fund raising 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, 2014, the Foundation received $959,486 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 $232,196 were paid from the Foundation to Make-A-Wish Foundation of America during the year ended August 31, 2014.

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 $3,000 for the year ended August 31, 2014, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

Due from National Organization	$	105,154
Due from other chapters		7,462
Total due from related entities	$	112,616
Due to National Organization	$	12
Due to other chapters		27,926
Total due to related entities	$	27,938

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 2014 the Foundation received contributions, both cash and in-kind, from board members totaling $275,482. There are no amounts due from board members as of August 31, 2014.

(6) Property and Equipment, Net

Property and equipment as of August 31, 2014 consist of the following:

Computer equipment and software	$	252,591
Office furniture		32,639
Other equipment		58,900
Leasehold improvements		29,042
		373,172
Less accumulated depreciation and amortization		(317,687)
Property and equipment, net		55,485

Depreciation and amortization expense totaled $18,956 for the year ended August 31, 2014.

(7) Accrued Pending Wish Costs

The Foundation accrues for estimated costs of reportable pending wishes as unconditional promises to give when five certain, measurable wish criteria are met. Prior to meeting these five criteria, the wish is considered a conditional promise to give due to the inherent uncertainties surrounding these criteria and is therefore not accrued as a pending wish liability. Reportable pending wish criteria include:

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

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 12 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, 2014, the Foundation had approximately 210 reportable pending wishes.

(8) Notes Payable

The Foundation has an unsecured line of credit with a financial institution totaling $500,000, bearing interest at a variable rate and expires on September 20, 2014. As of August 31, 2014, the Foundation had no amounts outstanding on this line of credit.

(9) Leases

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through February 2019. Total rent expense for all operating leases for the year ended August 31, 2014 totaled $115,099.

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

		Operating leases
Year ending August 31:		
2015	$	163,685
2016		163,197
2017		166,846
2018		158,702
2019		67,468
Total minimum lease payments	$	719,898

(10) Endowments

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

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

(a) Interpretation of Relevant Law

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

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions

4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

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

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	—	104,224	104,224
Total funds	$ —	—	104,224	104,224

Changes in endowment net assets for the year ended August 31, 2014 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ —	—	104,224	104,224
Investment return:				
Investment income	—	4,038	—	4,038
Net appreciation (realized and unrealized)	—	11,315	—	11,315
Total investment return	—	15,353	—	15,353
Appropriation of endowment assets for expenditure	—	(15,353)	—	(15,353)
Endowment net assets, end of year	$ —	—	104,224	104,224

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

Permanently restricted net assets:		
(1) The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	$	104,224
Temporarily restricted net assets:		
(1) Term endowment funds	$	—
(2) The portion of perpetual endowment funds subject to a time restriction under UPMIFA:		
Without purpose restrictions		—
With purpose restrictions		—
Total endowment funds classified as temporarily restricted net assets	$	—

(b) Return Objectives and Risk Parameters

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

(c) Strategies Employed for Achieving Objectives

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

(d) Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 3% of its endowment fund's ending balance. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at a rate of return that would meet or exceed the Balanced Market Index. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

(11) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes for the year ended August 31, 2014:

Time restrictions	$	—
Purpose restrictions		178,350
Total temporarily restricted net assets	$	178,350

For the year ended August 31, 2014, permanently restricted net assets are restricted to:

Investments in perpetuity, the income from which is expendable to support any activities of the Foundation	$	104,224
	$	104,224

(12) Retirement Plan

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan on the first day of the month coinciding with or immediately following their date of hire. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code limitations. Upon completion of two years for full-time employees or upon completion of 1,000 hours annually for two years for part-time employees, the Foundation contributions 5% of the employee's salary into their account. Foundation contributions to the Plan for the year ended August 31, 2014 were $51,088.

(13) Concentrations of Credit Risk

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

In-kind contributions totaling $841,307 were received from a single donor for the year ended August 31, 2014, which represents 21% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

(14) Litigation and Claims

The Foundation is not currently involved in any claims or legal action arising in the ordinary course of business.

(15) Subsequent Events

The Foundation has evaluated subsequent events from the statement of financial position date through March 30, 2015, the date at which the financial statements were available to be issued.

In September 2014, the Foundation signed a new unsecured line of credit agreement with a financial institution totaling $500,000 with a variable interest rate and a maturity date of September 20, 2015.