

MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2015 AND 2014

**MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
TABLE OF CONTENTS
YEARS ENDED 2015 AND 2014**

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

INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation of the Mid-Atlantic
Bethesda, Maryland

We have audited the accompanying financial statements of Make-A-Wish Foundation of the Mid-Atlantic, which comprise the statements of financial position as of August 31, 2015 and 2014, and the related statements of activities, cash flows, and functional expenses, for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the Mid-Atlantic as of August 31, 2015 and 2014, and change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Calverton, Maryland
December 14, 2015

**MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2015 AND 2014**

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 715,258	\$ 285,331
Investments	3,029,018	3,347,010
Due from related entities	169,914	124,259
Prepaid expenses	115,156	94,179
Contributions and grants receivable	336,309	346,947
Other assets	112,431	67,004
Property and equipment, net	65,993	73,090
Total Assets	\$ 4,544,079	\$ 4,337,820
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 488,316	\$ 403,947
Accrued pending wish costs	3,493,553	2,941,407
Due to related entities	20,130	33,002
Other liabilities	369,778	238,258
Total Liabilities	\$ 4,371,777	\$ 3,616,614
NET ASSETS		
Unrestricted	\$ (184,745)	\$ 348,342
Temporarily restricted	357,047	372,864
Total Net Assets	172,302	721,206
Total Liabilities and Net Assets	\$ 4,544,079	\$ 4,337,820

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER			
SUPPORT			
Public Support:			
Contributions	\$ 5,052,277	\$ 298,921	\$ 5,351,198
Grants	752,263	58,126	810,389
Total Public Support	<u>5,804,540</u>	<u>357,047</u>	<u>6,161,587</u>
Internal Special Events	2,052,773	-	2,052,773
Less Costs of Direct Benefits to Donors	<u>(606,811)</u>	<u>-</u>	<u>(606,811)</u>
Total Special Events	1,445,962	-	1,445,962
Investment Income, Net	10,381	1	10,382
Other Income	51,689	-	51,689
Net Assets Released from Restrictions	<u>372,865</u>	<u>(372,865)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>7,685,437</u>	<u>(15,817)</u>	<u>7,669,620</u>
EXPENSES			
Program Services:			
Wish Granting	<u>6,064,641</u>	<u>-</u>	<u>6,064,641</u>
Total Program Services	<u>6,064,641</u>	<u>-</u>	<u>6,064,641</u>
Support Services:			
Fundraising	1,476,228	-	1,476,228
Management and General	<u>677,655</u>	<u>-</u>	<u>677,655</u>
Total Support Services	<u>2,153,883</u>	<u>-</u>	<u>2,153,883</u>
Total Program and Support Services Expense	<u>8,218,524</u>	<u>-</u>	<u>8,218,524</u>
Change in Net Assets	(533,087)	(15,817)	(548,904)
Net Assets, Beginning of Year	<u>348,342</u>	<u>372,864</u>	<u>721,206</u>
NET ASSETS, END OF YEAR	<u>\$ (184,745)</u>	<u>\$ 357,047</u>	<u>\$ 172,302</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2014**

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER			
SUPPORT			
Public Support:			
Contributions	\$ 4,747,858	\$ 272,757	\$ 5,020,615
Grants	339,452	47,000	386,452
Total Public Support	5,087,310	319,757	5,407,067
Internal Special Events	1,311,278	-	1,311,278
Less Costs of Direct Benefits to Donors	(320,618)	-	(320,618)
Total Special Events	990,660	-	990,660
Investment Income, Net	382,761	5	382,766
Other Income	26,168		26,168
Net Assets Released from Restrictions	234,430	(234,430)	-
Total Revenues, Gains, and Other Support	6,721,329	85,332	6,806,661
EXPENSES			
Program Services:			
Wish Granting	5,459,530	-	5,459,530
Total Program Services	5,459,530	-	5,459,530
Support Services:			
Fundraising	1,149,225	-	1,149,225
Management and General	659,325	-	659,325
Total Support Services	1,808,550	-	1,808,550
Total Program and Support Services Expense	7,268,080	-	7,268,080
Change in Net Assets	(546,751)	85,332	(461,419)
Net Assets, Beginning of Year	895,093	287,532	1,182,625
NET ASSETS, END OF YEAR	\$ 348,342	\$ 372,864	\$ 721,206

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (548,904)	\$ (461,419)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	43,026	21,444
Net realized and unrealized (gains) loss on investments	47,287	(262,220)
Contributed property and equipment and stock	(11,199)	(23,908)
Changes in assets and liabilities:		
Contributions and grants receivable	10,638	(112,612)
Due from related entities	(45,655)	235,280
Prepaid expenses	(20,977)	(19,733)
Other assets	(45,427)	(44,250)
Accounts payable and accrued expenses	84,369	147,411
Accrued pending wish costs	552,146	151,606
Due to related entities	(12,872)	14,179
Other liabilities	131,520	(32,271)
Net cash provided by (used in) operating activities	183,952	(386,493)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(163,694)	(4,239,824)
Proceeds from sales of investments	445,598	4,776,949
Purchases of property and equipment	(35,929)	(20,435)
Net cash provided by investing activities	245,975	516,690
Net increase in cash and cash equivalents	429,927	130,197
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	285,331	155,134
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 715,258	\$ 285,331

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2015**

	Program services		Support services		Total
	Wish granting	Fundraising	Management and general	Total support services	
Direct costs of wishes	\$ 4,640,495	\$ -	\$ -	\$ -	\$ 4,640,495
Salaries, taxes, and benefits	815,250	974,192	451,235	1,425,427	2,240,677
Printing, subscriptions, and publications	21,930	25,869	3,756	29,625	51,555
Professional fees	88,015	115,563	61,886	177,449	265,464
Rent and utilities	165,802	147,528	64,938	212,466	378,268
Postage and delivery	7,258	7,859	3,998	11,857	19,115
Travel	8,835	21,375	7,238	28,613	37,448
Meetings and conferences	28,996	17,984	3,937	21,921	50,917
Office supplies	15,173	12,761	6,796	19,557	34,730
Communications	12,293	10,142	4,493	14,635	26,928
Advertising and media (cash)	56,918	25,238	-	25,238	82,156
Advertising and media (in-kind)	58,943	66,468	-	66,468	125,411
Repairs and maintenance	8,309	7,390	3,255	10,645	18,954
Insurance	2,398	2,139	887	3,026	5,424
Membership dues	83	1,244	733	1,977	2,060
Volunteer training	-	-	32	32	32
National partnership dues	116,211	16,181	14,710	30,891	147,102
Miscellaneous	17,328	24,295	7,139	31,434	48,762
Depreciation and amortization	404	-	42,622	42,622	43,026
	<u>\$ 6,064,641</u>	<u>\$ 1,476,228</u>	<u>\$ 677,655</u>	<u>\$ 2,153,883</u>	<u>\$ 8,218,524</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2014**

	Program services		Support services		Total
	Wish granting	Fundraising	Management and general	Total support services	
Direct costs of wishes	\$ 3,949,399	\$ -	\$ -	\$ -	\$ 3,949,399
Salaries, taxes, and benefits	954,897	736,811	434,353	1,171,164	2,126,061
Printing, subscriptions, and publications	10,845	41,093	1,839	42,932	53,777
Professional fees	179,980	115,786	84,232	200,018	379,998
Rent and utilities	181,528	124,613	68,301	192,914	374,442
Postage and delivery	5,962	9,580	1,325	10,905	16,867
Travel	7,220	24,713	9,049	33,762	40,982
Meetings and conferences	3,282	11,984	4,944	16,928	20,210
Office supplies	16,076	11,247	4,902	16,149	32,225
Communications	15,510	11,656	5,125	16,781	32,291
Advertising and media (cash)	-	12,108	-	12,108	12,108
Advertising and media (in-kind)	-	8,137	-	8,137	8,137
Repairs and maintenance	10,080	6,925	7,950	14,875	24,955
Insurance	2,314	1,716	800	2,516	4,830
Membership dues	86	638	1,185	1,823	1,909
Volunteer training	638	204	13	217	855
National partnership dues	100,744	15,303	11,477	26,780	127,524
Miscellaneous	17,029	14,281	8,756	23,037	40,066
Depreciation and amortization	3,940	2,430	15,074	17,504	21,444
	\$ 5,459,530	\$ 1,149,225	\$ 659,325	\$ 1,808,550	\$ 7,268,080

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 1 ORGANIZATION

Make-A-Wish Foundation of the Mid-Atlantic (the Foundation) is a Maryland 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. The Foundation had no cash equivalents at August 31, 2015 and 2014.

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.

Inventory

Inventory, consisting of gifts for wish children and items to be used at special events, is stated at the lower of cost or market. Cost is determined using the direct method. Management does not believe there are any obsolete items as of August 31, 2015 and 2014.

**MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost greater than \$2,500 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. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 7 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease(s). 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 THE MID-ATLANTIC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

See additional information in Note 3.

Net Assets

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

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

Revenue Recognition

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

MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	2015	2014
Contributions:		
Wish Related	\$ 1,766,794	\$ 1,548,567
Professional Services	128,714	239,068
Advertising and Media	125,411	8,137
Property and Equipment	-	8,695
Other- Inventory	13,440	34,735
Total	\$ 2,034,359	\$ 1,839,202
Special event revenue:		
Internal special events	\$ 270,046	\$ 72,899

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

Program or supporting services expenses were recorded at fair value totaling \$2,221,089 and \$1,802,793 in 2015 and 2014, respectively, with the difference recorded as other assets representing primarily auction items received and not yet used, as well as change in contributions receivable.

Advertising and media is used to help the Foundation communicate its message or mission and includes fundraising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes. Advertising and media are reported as contribution revenue when received and fundraising or public information [if allocated as a joint cost] 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.

Wish related in-kind contributions consisted of the following:

	2015	2014
Computer Equipment, Games and Toys	\$ 5,326	\$ 5,324
Cruises	15,449	20,806
Lodging	249,967	478,706
Theme Parks	101,324	64,976
Give Kids the World	860,565	601,873
Travel	248,976	139,253
Other Wish- Related Donations	285,187	237,629
Total	\$ 1,766,794	\$ 1,548,567

**MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a not-for-profit organization exempt from federal income and Maryland income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 81 of the State of Maryland Tax Code. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

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

Functional Expenses

The Foundation performs six 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 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.

Training and Development

Activities performed by the Foundation include, but are not limited to, implementation of programs supporting the identification of wish candidates and the determination and delivery of the wish.

Public Information

Activities performed by the Foundation communicating the purpose and services of the Foundation to all potential sources of wish referrals.

**MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2015 and 2014, the Foundation incurred joint costs for activities that include fundraising appeals (primarily direct mail campaigns and newsletters), which have been allocated as follows:

	2015	2014
Fundraising	\$ 56,651	\$ 25,217
Wish Granting	102,971	24,025
Total	\$ 159,622	\$ 49,242

Management and General

All costs not identifiable with a single program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

Expenses that benefit more than one function of the Foundation are allocated among the functions based generally on the amount of time spent by employees on each function.

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, valuation of investments and contributions receivable, accrued pending wish costs, net of attrition on pending wish costs and whether an allowance for uncollectible contributions receivable is required. The current economic environment continues to create a high degree of uncertainty in those estimates and assumptions.

Reclassifications

Certain amounts in the 2014 financial statements have been reclassified to conform to the presentation of the 2015 financial statements. These reclassifications had no effect on the previously reported net assets or changes therein.

**MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 3 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of the financial instruments shown in the following tables as of August 31, 2015 and 2014 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

Fair Value Hierarchy

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at August 31, 2015:

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Assets:				
Recurring:				
Investments:				
Cash and Cash Equivalents	\$ 206,735	\$ -	\$ -	\$ 206,735
Exchange-Traded Funds:				
Domestic Equity	1,267,893	-	-	1,267,893
International Equity	147,031	-	-	147,031
Bonds	1,385,609	-	-	1,385,609
Limited Partnership	-	-	21,750	21,750
Total	<u>\$ 3,007,268</u>	<u>\$ -</u>	<u>\$ 21,750</u>	<u>\$ 3,029,018</u>

**MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

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:

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Assets:				
Recurring:				
Investments:				
Cash and Cash Equivalents	\$ 261,253	\$ -	\$ -	\$ 261,253
Exchange-Traded Funds:				
Domestic Equity	1,496,490	-	-	1,496,490
International Equity	125,408	-	-	125,408
Bonds	1,442,109	-	-	1,442,109
Limited Partnership	-	-	21,750	21,750
Total	<u>\$ 3,325,260</u>	<u>\$ -</u>	<u>\$ 21,750</u>	<u>\$ 3,347,010</u>

For the valuation of the limited partnership in a real estate investment at August 31, 2015, the Foundation used the initial carrying value of the investment at the date of receipt of the contributed ownership in the partnership. (Level 3).

Total investment income, gains, and losses for the years ended August 31, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Interest and Dividend Income	\$ 57,669	\$ 120,546
Realized and Unrealized Gains (Losses), Net	<u>(47,287)</u>	<u>262,220</u>
Investment Income, Net	<u>\$ 10,382</u>	<u>\$ 382,766</u>

NOTE 4 CONTRIBUTIONS RECEIVABLE

All contributions receivable are due within the next twelve months. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2015 and 2014.

MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 5 TRANSACTIONS WITH RELATED ENTITIES

The Foundation received the following distributions from the National Organization for the year ended August 31:

	<u>2015</u>	<u>2014</u>
Corporate, online, whitemail and general contributions	\$ 1,440,275	\$ 1,318,464
Grants	100,000	105,954
Scholarships	10,095	10,573
Wish fulfillment fund - MAWA	697,777	171,390
Airline miles	88,000	-
Other	39,809	9,231
Total distributions received	<u>\$ 2,375,956</u>	<u>\$ 1,615,612</u>

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

The Foundation paid to the National Organization the following amounts for the year ended August 31:

	<u>2015</u>	<u>2014</u>
Partnership dues	\$ 147,103	\$ 127,524
Other	20,328	35,009

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 \$13,200 and \$13,575 for the years ended August 31, 2015 and 2014, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	<u>2015</u>	<u>2014</u>
Due from national organization	\$ 149,004	\$ 94,048
Due from other chapters	20,910	30,211
Total due from related entities	<u>169,914</u>	<u>124,259</u>
Due to national organization	144	4,260
Due to other chapters	19,986	28,742
Total due to related entities	<u>\$ 20,130</u>	<u>\$ 33,002</u>

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

**MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 5 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

During 2015 and 2014 the Foundation received contributions, both cash and in-kind, from and raised by board members totaling \$957,729 and \$717,198, respectively. In 2015 and 2014, there were no amounts due from board members. Amounts paid to related parties for goods and services used in the Foundation's operations totaled \$0 and \$252,146 in 2015 and 2014, respectively. Amounts due to related parties as of August 31, 2015 and 2014 totaled \$0 and \$2,539, respectively, and are included in accounts payable in the accompanying statements of financial position.

NOTE 6 PROPERTY AND EQUIPMENT, NET

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

	<u>2015</u>	<u>2014</u>
Computer Equipment and Software	\$ 268,479	\$ 242,920
Furniture and Equipment	115,746	115,746
Leasehold Improvements	<u>96,490</u>	<u>86,121</u>
	<u>480,715</u>	<u>444,787</u>
Less Accumulated Depreciation and Amortization	<u>(414,722)</u>	<u>(371,697)</u>
Property and Equipment, Net	<u>\$ 65,993</u>	<u>\$ 73,090</u>

Depreciation and amortization expense totaled \$43,026 and \$21,444 for the years ended August 31, 2015 and 2014, respectively.

NOTE 7 ACCRUED PENDING WISH COSTS

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

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

Estimated cash and in-kind costs owed as of year end for all reportable pending wishes are accrued as pending wish liability. The in-kind portion of the pending wish liability represents the estimated in-kind outlay that is expected to be incurred in fulfilling each wish; note that

**MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 7 ACCRUED PENDING WISH COSTS (CONTINUED)

the matching in-kind revenues are recognized when an unconditional promise is received for the required goods or services or in the future period when the wish is granted.

The Foundation, as part of its estimate of accrued pending wish costs, also considers attrition on pending wish costs. An attrition rate is calculated by the Foundation by analyzing the trend of wishes that have been accrued for using the five criteria discussed above that have not been able to be completed within the past twelve months due to factors outside of the control of the chapter, such as the death of a child, the move of the family out of the chapter's territory, or loss of contact with the family. As of August 31, 2015 and 2014, the Foundation had approximately 349 and 356 reportable pending wishes, respectively.

NOTE 8 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through September 30, 2020. The Foundation received certain lease incentives with these leases. These incentives are recognized over the life of the leases and are reflected in the statements of financial position as deferred lease benefit. Total rent expense for all operating leases for the year ended August 31, 2015 and 2014 totaled \$378,064 and \$399,396 respectively.

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

<u>Year Ending August 31:</u>	<u>Amounts</u>
2016	\$ 358,679
2017	369,800
2018	356,396
2019	20,456
2020 and Following	5,167
Total Minimum Lease Payments	<u>\$ 1,110,498</u>

NOTE 9 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	<u>2015</u>	<u>2014</u>
Time Restrictions	\$ 84,357	\$ 123,979
Purpose Restrictions	272,690	248,885
Total Temporarily Restricted Net Assets	<u>\$ 357,047</u>	<u>\$ 372,864</u>

**MAKE-A-WISH FOUNDATION OF THE MID-ATLANTIC
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 10 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 18 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 6% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2015 and 2014 were \$64,813 and \$44,722, 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.

In-kind contributions totaling \$860,565 and \$803,758 were received from a single donor for the years ended August 31, 2015 and 2014, respectively, which represents 14% and 15%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 12 LITIGATION AND CLAIMS

The Foundation is involved in litigation and claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position, change in net assets, or liquidity.

NOTE 13 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 14, 2015, the date at which the financial statements were available to be issued.